Minutes of
Proceedings of the
Colonial Conference
1907

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COLONIAL CONFERENCE, 1907.

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MINUTES OF PROCEEDINGS

OF THE

COLONIAL CONFERENCE,

1907.

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(Papers laid before the Conference are printed separately in [C[illegible]3524].)

Presented to both Houses of Parliament by Command of His Majesty.

May 1907.

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RESOLUTIONS.

The following Resolutions were unanimously agreed to by the Conference, except where otherwise stated:—

I.

CONSTITUTION OF THE IMPERIAL CONFERENCE.

That it will be to the advantage of the Empire if a Conference, to be called the Imperial Conference, is held every four years, at which questions of common interest may be discussed and considered as between His Majesty's Government and His Governments of the self-governing Dominions beyond the seas. The Prime Minister of the United Kingdom will be *ex officio* President, and the Prime Ministers of the self-governing Dominions *ex officio* members, of the Conference. The Secretary of State for the Colonies will be an *ex officio* member of the Conference and will take the chair in the absence of the President. He will arrange for such Imperial Conferences after communication with the Prime Ministers of the respective Dominions. April 20. *See* p. 94.

Such other Ministers as the respective Governments may appoint will also be members of the Conference—it being understood that, except by special permission of the Conference, each discussion will be conducted by not more than two representatives from each Government, and that each Government will have only one vote.

That it is desirable to establish a system by which the several Governments represented shall be kept informed during the periods between the Conferences in regard to matters which have been or may be subjects for discussion, by means of a permanent secretarial staff, charged, under the direction of the Secretary of State for the Colonies, with the duty of obtaining information for the use of the Conference, of attending to its resolutions, and of conducting correspondence on matters relating to its affairs.

That upon matters of importance requiring consultation between two or more Governments which cannot conveniently be postponed until the next Conference, or involving subjects of a minor character or such as call for detailed consideration, subsidiary Conferences should be held between representatives of the Governments concerned specially chosen for the purpose.

II.

COLONIAL REPRESENTATION ON THE COMMITTEE OF IMPERIAL DEFENCE.

That the Colonies be authorised to refer to the Committee of Imperial Defence, through the Secretary of State, for advice any local questions in regard to which expert assistance is deemed desirable. April 20. *See* p. 121.

That whenever so desired, a representative of the Colony which may wish for advice should be summoned to attend as a member of the Committee during the discussion of the questions raised.

III.

GENERAL STAFF FOR THE SERVICE OF THE EMPIRE.

That this Conference welcomes and cordially approves the exposition of general principles embodied in the statement of the Secretary of State for War, and, without wishing to commit any of the Governments represented, April 23. *See* p. 128.

recognises and affirms the need of developing for the service of the Empire a General Staff, selected from the forces of the Empire as a whole, which shall study military science in all its branches, shall collect and disseminate to the various Governments military information and intelligence, shall undertake the preparation of schemes of defence on a common principle, and, without in the least interfering in questions connected with command and administration, shall, at the request of the respective Governments, advise as to the training, education, and war organisation of the military forces of the Crown in every part of the Empire.

IV.

Emigration.

April 25. That it is desirable to encourage British emigrants to proceed to British
See p. 177. Colonies rather than foreign countries.

That the Imperial Government be requested to co-operate with any Colonies desiring immigrants in assisting suitable persons to emigrate.

V.

Judicial Appeals.

April 26. The Conference agreed to the following finding :—

See p. 225. The Resolution of the Commonwealth of Australia, "That it is desirable to establish an Imperial Court of Appeal," was submitted and fully discussed.

The Resolution submitted by the Government of Cape Colony was accepted, amended as follows :—

This Conference, recognising the importance to all parts of the Empire of the appellate jurisdiction of His Majesty the King in Council, desires to place upon record its opinion—

(1) That in the interests of His Majesty's subjects beyond the seas it is expedient that the practice and procedure of the Right Honourable the Lords of the Judicial Committee of the Privy Council be definitely laid down in the form of a code of rules and regulations.

(2) That in the codification of the rules regard should be had to the necessity for the removal of anachronisms and anomalies, the possibility of the curtailment of expense, and the desirability of the establishment of courses of procedure which would minimise delays.

(3) That, with a view to the extension of uniform rights of appeal to all Colonial subjects of His Majesty, the various Orders in Council, instructions to Governors, charters of justice, ordinances, and proclamations upon the subject of the appellate jurisdiction of the Sovereign, should be taken into consideration for the purpose of determining the desirability of equalising the conditions which gave right of appeal to His Majesty.

(4) That much uncertainty, expense, and delay would be avoided if some portion of His Majesty's prerogative to grant special leave to appeal in cases where there exists no right of appeal were exercised under definite rules and restrictions.

The following Resolutions, presented to the Conference by General Botha and supported by the representatives of Cape Colony and Natal, were accepted :—

(1) That when a Court of Appeal has been established for any group of Colonies geographically connected, whether federated or

not, to which appeals lie from the decisions of the Supreme Courts of such Colonies, it shall be competent for the Legislature of each such Colony to abolish any existing right of appeal from its Supreme Court to the Judicial Committee of the Privy Council.

(2) That the decisions of such Court of Appeal shall be final, but leave to appeal from such decisions may be granted by the said Court in certain cases prescribed by the statute under which it is established.

(3) That the right of any person to apply to the Judicial Committee of the Privy Council for leave to appeal to it from the decision of such Appeal Court shall not be curtailed.

VI.

Preferential Trade.

[*The following Resolutions of the Conference of* 1902 *were reaffirmed by the Members of the Conference, with the exception of His Majesty's Government, who was unable to give its assent, so far as the United Kingdom was concerned, to a reaffirmation of the Resolutions in so far as they imply that it is necessary or expedient to alter the fiscal system of the United Kingdom.*] May 7. See p. 429.

1. That this Conference recognises that the principle of preferential trade between the United Kingdom and His Majesty's Dominions beyond the seas would stimulate and facilitate mutual commercial intercourse, and would, by promoting the development of the resources and industries of the several parts, strengthen the Empire.

2. That this Conference recognises that, in the present circumstances of the Colonies, it is not practicable to adopt a general system of Free Trade as between the Mother Country and the British Dominions beyond the seas.

3. That with a view, however, to promoting the increase of trade within the Empire, it is desirable that those Colonies which have not already adopted such a policy should, as far as their circumstances permit, give substantial preferential treatment to the products and manufactures of the United Kingdom.

4. That the Prime Ministers of the Colonies respectfully urge on His Majesty's Government the expediency of granting in the United Kingdom preferential treatment to the products and manufactures of the Colonies, either by exemption from or reduction of duties now or hereafter imposed.

5. That the Prime Ministers present at the Conference undertake to submit to their respective Governments, at the earliest opportunity, the principle of the resolution, and to request them to take such measures as may be necessary to give effect to it.

VII.

Commercial Relations.

That, without prejudice to the Resolutions already accepted or the reservation of His Majesty's Government, this Conference, recognising the importance of promoting greater freedom and fuller development of commercial intercourse within the Empire, believes that these objects may be best secured by leaving to each part of the Empire liberty of action in selecting the most suitable means for attaining them, having regard to its own special conditions and requirements, and that every effort should be made to bring about co-operation in matters of mutual interest. May 7. See p. 438.

VIII.

Commercial Relations and British Shipping.

May 7. That it is advisable, in the interests both of the United Kingdom and *See* p. 434. His Majesty's Dominions beyond the seas, that efforts in favour of British manufactured goods and British shipping should be supported as far as is practicable.

IX.

Preferential Trade.

May 7. [*The following Resolution was agreed to by the members of the* *See* p. 440. *Conference, with the exception of Sir Wilfrid Laurier, who was absent, and whose vote was not recorded, of General Botha, who did not support it, and of the representatives of His Majesty's Government, who dissented.*]

That while affirming the Resolution of 1902, this Conference is of opinion that, as the British Government, through the South African Customs Union—which comprises Basutoland and the Bechuanaland Protectorate—do at present allow a preference against foreign countries to the United Kingdom, Canada, Australia, New Zealand, and all other British Possessions granting reciprocity, His Majesty's Government should now take into consideration the possibility of granting a like preference to all portions of the Empire on the present dutiable articles in the British tariff.

X.

Navigation Laws and Coastwise Trade.

May 8. [*The following Resolution was agreed to by the members of the* *See* p. 466. *Conference, with the exception of His Majesty's Government, who dissented, in respect of the inclusion of the words dealing with trade between the Mother Country and the Colonies.*]

That the Resolution of the Conference of 1902, which was in the following terms, be reaffirmed :—

"That it is desirable that the attention of the Governments of the Colonies and the United Kingdom should be called to the present state of the Navigation Laws in the Empire, and in other countries, and to the advisability of refusing the privileges of coastwise trade, including trade between the Mother Country and its Colonies and possessions, and between one Colony or possession and another, to countries in which the corresponding trade is confined to ships of their own nationality, and also to the laws affecting shipping, with a view of seeing whether any other steps should be taken to promote Imperial trade in British vessels."

XI.

Treaty Obligations.

May 8. That the Imperial Government be requested to prepare, for the *See* p. 468. information of Colonial Governments, statements showing the privileges conferred and the obligations imposed on the Colonies by existing commercial treaties, and that inquiries be instituted to ascertain how far it is possible to make those obligations and benefits uniform throughout the Empire.

XII.

Preferential Trade Arrangements and Treaty Questions.

May 8. That all doubts should be removed as to the right of the self-governing *See* p. 484. Dependencies to make reciprocal and preferential fiscal agreements with each other and with the United Kingdom, and further, that such right should not be fettered by Imperial treaties or conventions without their concurrence.

XIII.

Uniformity in Trade Marks and Patents.

That it is desirable that His Majesty's Government, after full consultation with the self-governing Dominions, should endeavour to provide for such uniformity as may be practicable in the granting and protection of trade marks and patents. May 8. *See* p. 488.

XIV.

Uniformity in Trade Statistics.

That it is desirable, so far as circumstances permit, to secure greater uniformity in the trade statistics of the Empire, and that the note prepared on this subject by the Imperial Government be commended to the consideration of the various Governments represented at this Conference. May 8. *See* p. 490.

XV.

Uniformity in Company Law.

That it is desirable, so far as circumstances permit, to secure greater uniformity in the company laws of the Empire, and that the memorandum and analysis prepared on this subject by the Imperial Government be commended to the consideration of the various Governments represented at this Conference. May 8. *See* p. 491.

XVI.

Reciprocity in Admission of Land Surveyors to Practice.

That it is desirable that reciprocity should be established between the respective Governments and examining authorities throughout the Empire with regard to the examination and authorisation of land surveyors, and that the memorandum of the Surveyors' Institute on this subject be commended for the favourable consideration of the respective Governments. May 8. *See* p. 506.

XVII.

International Penny Postage.

That in view of the social and political advantages and the material commercial advantages to accrue from a system of international penny postage, this Conference recommends to His Majesty's Government the advisability, if and when a suitable opportunity occurs, of approaching the Governments of other States, members of the Universal Postal Union, in order to obtain further reductions of postage rates, with a view to a more general, and, if possible, a universal, adoption of the penny rate. May 9. *See* p. 533.

XVIII.

Imperial Cable Communication.

1. That in the opinion of this Conference the provision of alternative routes of cable communication is desirable; but in deciding upon such routes, the question of the strategic advantage should receive the fullest consideration. May 9. *See* p. 533.

2. That landing licences should not operate for a longer period than 20 years, and that when subsidies are agreed to be paid, they should be arranged on the "standard revenue" principle—*i.e.*, half the receipts after a fixed gross revenue has been earned to be utilised for the extinguishment of the subsidy and, by agreement, for the reduction of rates.

XIX.

Naturalisation.

May 9. That with a view to attain uniformity so far as practicable, an enquiry
See p. 541. should be held to consider further the question of naturalisation, and in particular to consider how far and under what conditions naturalisation in one part of His Majesty's dominions should be effective in other parts of those dominions, a subsidiary Conference to be held if necessary under the terms of the Resolution adopted by this Conference on 20th April last.

XX.

Development of Communications within the Empire.

May 14. That in the opinion of this Conference the interests of the Empire demand
See p. 586. that in so far as practicable its different portions should be connected by the best possible means of mail communication, travel, and transportation:

That to this end it is advisable that Great Britain should be connected with Canada, and through Canada with Australia and New Zealand, by the best service available within reasonable cost:

That for the purpose of carrying the above project into effect such financial support as may be necessary should be contributed by Great Britain, Canada, Australia, and New Zealand in equitable proportions.

XXI.

May 14. The members of this Conference, representing the Self-Governing Colonies,
See p. 621. desire, before they separate, to convey to Lord Elgin their warm and sincere appreciation of the manner in which he has presided over their deliberations, as well as of the many courtesies which they have received from him: they desire also to put on record the deep sense of gratitude which they feel for the generous hospitality which has been extended to them by the Government and people of the United Kingdom.

Minutes of Proceedings of the Colonial Conference, 1907.

FIRST DAY.

HELD AT THE COLONIAL OFFICE, DOWNING STREET,
MONDAY, 15TH APRIL 1907.

The following Members of the Conference were present:—The Secretary of State for the Colonies (the Right Hon. the EARL OF ELGIN, K.G.) in the chair; the Prime Minister of Canada (the Right Hon. Sir WILFRID LAURIER, G.C.M.G.); the Prime Minister of Australia (the Hon. ALFRED DEAKIN); the Prime Minister of New Zealand (the Hon. Sir J. G. WARD, K.C.M.G.); the Prime Minister of Cape Colony (the Hon. L. S. JAMESON, C.B.); the Prime Minister of Natal (the Hon. R. F. MOOR); and the Prime Minister of the Transvaal (General the Hon. LOUIS BOTHA).

The following Colonial Ministers were present:—The Hon. Sir F. W. BORDEN, K.C.M.G. (Canada); the Hon. Sir W. LYNE, K.C.M.G. (Australia); and the Hon. Dr. SMARTT (Cape Colony).

The Prime Minister of the United Kingdom (the Right Hon. Sir H. CAMPBELL-BANNERMAN, G.C.B.) was present, together with the following Members of His Majesty's Government:—The Right Hon. JOHN MORLEY, O.M.; the Right Hon. R. B. HALDANE, K.C.; the Right Hon. LORD TWEEDMOUTH; the Right Hon. JOHN BURNS; and the Right Hon. D. LLOYD-GEORGE. There were also present Mr. WINSTON CHURCHILL, Parliamentary Under-Secretary of State for the Colonies; Sir FRANCIS HOPWOOD, K.C.B., the Permanent Under-Secretary of State for the Colonies; Sir J. L. MACKAY, G.C.M.G., K.C.I.E., on behalf of the India Office; the Assistant Under-Secretaries of State for the Colonies; the Secretaries to the Conference; the Private Secretaries to the Secretary of State for the Colonies and to the Colonial representatives.

CHAIRMAN: Gentlemen, the Members of the Conference having all assembled, with the exception of Sir Robert Bond, who is detained for a day or two, I assume that we may now proceed to business. Before doing so, I have the honour to read the following telegram which has been received from His Majesty the King: "At the first meeting to-day of the Colonial "Conference, I wish you to convey to the Prime Ministers and representatives "of my self-governing Colonies, a warm welcome on my behalf, and to

First Day.
15 April 1907.
(CHAIRMAN.)

" inform them that I shall look forward with pleasure to receiving them on " my return to England. The questions which will be submitted to the " Conference for discussion, involving matters of weighty interest, not " merely to the Colonies there represented, but to the British Empire at " large, will, I am sure, receive the most careful attention, and I am " confident that the decisions arrived at will tend towards the closer union " of my Colonies to the Mother Country and to each other, and to the " strengthening and consolidation of my Empire."

Gentlemen, may I, in a single word on my own behalf, offer a welcome to those who have come to attend this Conference. For the rest it is, I am sure, a gratification to all—as it is especially to myself—that my Right Hon. friend on my right has been able to attend this meeting, and without further preface I will ask the Prime Minister to address the Conference.

The PRIME MINISTER: It is a great pleasure to me to respond to the invitation of Lord Elgin that I should welcome, as I do most sincerely in the name of His Majesty's Government, the Prime Ministers of the great self-governing communities beyond the seas, who are now for the fourth time gathered together in the capital of the Mother Country for consultation on matters affecting their common interests and ours. You are all of you friends, most of you personal friends, some of you old personal friends of myself and the Ministers with whom you have come to confer. Sir Wilfrid Laurier has, if I may use a slang expression of the day, a " record performance "; he has been here on each occasion. Mr. Deakin, now speaking for the Commonwealth of Australia, attended as Chief Secretary of the Colony of Victoria, the earliest Conference in 1887, a gathering, which, as we all remember, was not restricted to the self-governing Colonies or to the Prime Ministers. Sir Robert Bond, as Lord Elgin has said, has not yet arrived. He took part in the previous Conference; but the other Prime Ministers are here for the first time in this capacity, and I wish to extend a special greeting to General Botha, the Benjamin of the Brotherhood, if I may use that phrase, the first Prime Minister of the Transvaal, whose presence in our councils I am sure you will welcome as cordially as do His Majesty's Government. I should have been glad if he could have been accompanied by the Prime Minister of the Orange River Colony, but that has been impossible because its constitution could not be brought into effect in time, and I may perhaps throw in the observation that there will be no avoidable delay in establishing it. The absence of the heads of so many Governments from the sphere of their activity, must, I am afraid, have occasioned great inconvenience and considerable public as well as personal sacrifices, but we sincerely trust that your presence in council will justify these sacrifices, that it will offer solid compensation for the long journey you have undertaken, and for the time which you are about to devote to a discussion of the matters which are of common concern to us all.

Gentlemen, whatever be the value and whatever be the issue of your deliberations, it is with the greatest gratification that we welcome you, and warm as I know your attachment and devotion to the Mother Country to be, I can assure you the feeling of affectionate interest and pride entertained within the shores of the Old Country is not to be surpassed even by your warmest sentiments. But I need not dwell upon the expression of our cordial relations; in fact, I am not sure that in private life those who are united by the most sacred ties of relationship and the sincerest affection gain in the estimation of their neighbours by the too frequent and effusive protestation or exhibition of their feeling towards each other. I am not therefore disposed to occupy much of your time in mere declarations of our friendly attachment to each other, and our common solicitude for our joint and

individual interests, but I would rather follow, what I think is really the more significant course, of taking all this for granted.

You will have a long programme of business before you, and I do not propose to do more—I do not think I am called upon to do more—than just to glance at some of the matters which have brought you together; but I should like to observe at this point—and there is sometimes, apparently, in the minds of men a mistake on this subject—that this is not a conference between the Premiers and the Colonial Secretary, but between the Premiers and members of the Imperial Government under the presidency of the Secretary of State for the Colonies, which is a very different matter. In regard to questions of military defence, for instance, the Secretary of State for War will come and confer with you, and the First Lord of the Admiralty, in the same way, will be present when naval questions are discussed. On this I may say, that I think the views sometimes taken of the proper relations of the Colonies to the Mother Country with respect to expenditure on armaments have been, of late, somewhat modified. We do not meet you to-day as claimants for money, although we cordially recognise the spirit in which contributions have been made in the past, and will, no doubt, be made in the future. It is, of course, possible to over-estimate the importance of the requirements of the over-sea dominions as a factor in our expenditure; but however this may be, the cost of naval defence and the responsibility for the conduct of foreign affairs hang together. On the question of emigration, a matter which is of the utmost moment to you as well as to the Mother Country, Mr. John Burns, the President of the Local Government Board, will join in your councils; and if any question should arise with regard to India, you will have the advice of a most distinguished Member of Council, Sir James Mackay; and I am sure that you will be glad to see my Right Hon. friend, Mr. John Morley, amongst us this morning.

Then, when you come to discuss matters of finance, trade, and commerce, my colleagues, the Chancellor of the Exchequer and the President of the Board of Trade, will be present to state the views which His Majesty's Government entertain on these important matters. Amongst them the question of Preference must hold a prominent position, and I am sure you will find that my Right Hon. friends are prepared fully to recognise the friendly action which has been taken by some of the Colonies, and to enter upon this subject in the fullest and frankest manner.

I hope that an agreement may be arrived at as to many of these points, and if in regard to others you are compelled to differ amongst yourselves, or to differ from us, you will agree to differ not merely in a perfectly friendly way (so much may be assumed) but with mutual respect for the grounds and motives on which differences of opinion may be founded. You in common with us are representatives of self-governing communities. We have no power here in this room, as you know, to arrive at any binding decisions. His Majesty's Government cannot go behind the declared opinions of this country and of our Parliament. No more can you go behind the opinions and wishes of your communities and Parliaments; but, subject to this governing limitation, there remain, as I have said, and as I firmly believe, many matters of great moment in which there is room for arrangement and advance.

These Conferences were formerly more or less identified with great ceremonial occasions. This is, I believe, the first that has been specifically summoned for the purpose of business. I wish to say a word here about a desire that has been felt with regard to the period between the Conferences that there should be greater means than at present to continue in the interval the definite communications which the Conferences make necessary. We shall hope to find some method of meeting this desire. I am not going to enumerate, still less discuss and criticise, the various schemes more or less

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ambitious which have been put forward, but I will just make a remark applicable to all such proposals. We found ourselves, Gentlemen, upon freedom and independence—that is the essence of the British Imperial connection. Freedom of action on the part of the individual state, freedom in their relations with each other, and with the Mother Country. Anything which militates against that principal would be wholly contrary to the genius of our race and our political ideals, and would sooner or later be disastrous. There are some words which perfectly express what I have in my mind and which were used in this place five years ago by Mr. Chamberlain; and I cannot mention Mr. Chamberlain without expressing on my own part and the part of my colleagues, and indeed I think I am authorised to say on behalf of the whole of the public of this country irrespective of political opinion, our deep and sincere regret, which I know is heartily felt all over the British Dominions, that he is for the present unable to take an active part in our public affairs. These are his words to which I refer: "The link" he said "which unites us, almost invisible as it is, sentimental in its character, is "one which we would gladly strengthen, but at the same time it has proved "itself to be so strong that certainly we would not wish to substitute for it a "chain which might be galling in its incidence."

Gentlemen, freedom does not necessarily mean letting things drift, and in my opinion some provision should be made for maintaining the impetus which these Conferences will give to the consideration and settlement of questions which have been discussed here. I would also refer for a moment to the precedent that has recently been made for holding what I may call subsidiary Conferences upon matters of importance. I refer to the Navigation Conference that is sitting under the presidency of my friend, the President of the Board of Trade, and at which I observe that Sir Joseph Ward, Sir William Lyne, and other representatives are rendering great service in the discussion of very difficult problems. To my mind the precedent set is of high importance, and I should like to see these ancillary Conferences held from time to time as matters arise which require more time and treatment in greater detail than is possible in the Colonial Conference itself.

Well, Gentlemen, I have no more to say. I am fully confident that your coming here will not have been in vain. You will not judge of the feeling entertained towards you by acclamations and festivities alone, although of those there will be abundance, but by the mutual spirit of friendship, the desire to stretch every point that can be stretched in order to meet the views of each constituent part of the Empire, the desire, equally strong I hope, to avoid prejudicing in any way the interests of each other; and over and above all, you will be inspired and invigorated by our common pride in the great beneficent mission which the British people in all parts of the world are, as we believe, appointed and destined to fulfil.

Sir WILFRID LAURIER: Lord Elgin, Sir Henry Campbell-Bannerman, and Gentlemen, it so happens that I am about the oldest Member of this Conference and, as has been said by Sir Henry Campbell-Bannerman, I can almost boast of a record performance, having been here twice, in 1897 and in 1902, and it is not without some sense of regret I must say that I find myself about the only man who attended those Conferences. I share altogether the sentiments which have been expressed by the Prime Minister, that it is a matter of deep regret, not only in this country but all through the British Empire, that at this time the man who presided over the last two Conferences which I attended, Mr. Chamberlain, should not be able to take any part in public affairs; and I am sure that I express the same sentiment when I say that we all hope, in the most distant homes of the British Empire,

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that his health will be quite restored, and that he will take his place again in the public affairs of this great country and Empire. Nothing could be more grateful to us, no better commencement of this Conference could take place, than the message which has been read to us coming from His Majesty the King; and next to this message we welcome the presence of the Prime Minister of the Crown. This Conference is not, as I understand it (I give my own views) a Conference simply of the Prime Ministers of the different self-governing Colonies and the Secretary of State, but it is, if I may give my own mind, a conference between government and governments; it is a Conference between the Imperial Government and the Governments of the self-governing dependencies of England. I recognise all the difficulties which beset us; they have been expressed by Sir Henry Campbell-Bannerman. We all hope and we all believe in the future of the British Empire. There are ways and ways by which it can be increased and improved. We are here to discuss those questions. Upon many things we can agree; upon many things, I believe, we cannot agree at this moment; but, above all things, we all agree we all move towards the same goal and the same end. The observations which have been offered to us by Sir Henry Campbell-Bannerman upon this subject have been excellent, and could not be improved upon, I am sure. He recognises that there are things upon which public opinion is not in the same groove that it is perhaps in the Colonies. We must recognise that there are many questions upon which public opinion in our own respective countries may not be the same as in this country. But upon one thing we are all agreed, and I believe that if we can keep this in view we can never go astray, that is to say, that if the basis of the union which now binds the British Empire remains as it is now, a proper and always permanent recognition of the principle that every community knows best what does for itself, then we cannot go wrong, and our deliberations must be fruitful. This is the spirit, at all events for my part, in which I approach the great subjects we have to discuss. The time is not fitting to-day to take these subjects in detail, and I will confine my few remarks upon this point to the same spirit which has inspired the observations of the Prime Minister; but I have only one word to say, to express my great satisfaction that our proceedings are commencing under such favourable auspices.

Mr. DEAKIN: My Lord, Mr. Prime Minister, and Gentlemen, the wise and weighty words which you have been good enough to address to us to-day, furnish a fitting opening, and, if I may be pardoned for saying so, coming from your lips, the most fitting opening for a Conference whose character and principle you have aptly defined. Your address, Sir, contains many memorable sentences, summing up with felicity some of the aspects from which this gathering will, we hope, come to be generally regarded. We acknowledge your presence as a recognition of the principle alluded to by my friend and senior, Sir Wilfrid Laurier, as one which we are anxious to uphold, that this is a Conference between governments and governments, due recognition, of course, being had to the seniority and scope of those governments. In addition, we owe to you a propitious and happy exposition of the nature of this Conference for those to whom we, at all events, naturally turn our eyes. We may be pardoned for laying what might appear to many residents of this country an undue stress upon the importance of your speech, not that it will fail of adequate recognition, but because to the distant communities from whom we come, for whom we speak, and in whose name alone we wish to be heard, it means much more than it can to the people of this country, accustomed as they are continually to hear from your lips political utterances relating to what I may term the home politics of the United Kingdom.

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But utterances of yourself and of leaders like yourself relating to those larger politics which we share with you are, first of all, rare, and next fail to be conveyed to those whom we represent, as these undoubtedly will be. We are happy to think that millions in Australia—I use the word, although it is large, in reference to our population, advisedly—practically the whole population of Australia to-morrow will have the opportunity of reading *in extenso* the remarks which you have been good enough to make to-day. What does that mean? The subjects with which you have dealt have probably been but lightly touched upon there since six weeks ago the Parliament of the Commonwealth was closed in order to permit of the attendance of its representatives at this table. During those six weeks I venture to say, without any very intimate knowledge of detail, that local public events in Australia have not stood still, and that the interest of our people in those events has not diminished. Consequently the tendency has been to overlay whatever impression was made by the action of our Parliament in adjourning to permit of the attendance of my colleague and myself at this Conference by the more insistent demands of the everyday politics of our country. After these proceedings close, five weeks will elapse before either of us will have the opportunity of addressing the people of Australia in order to explain what we think has been done here, and also what has been attempted to be done. Now all this interval requires to be bridged over by some such strong influence as you, Sir, by your address, are, fortunately, bringing to bear. It will revive that interest of theirs in the Proceedings of this Conference, an interest as deep as is the interest of the people of this country; you refresh that interest and thus enable the Proceedings of this Conference to become to them actual, concrete, and indeed living.

On our side of the sea, with the ample self-government that happily we enjoy, and, perhaps, largely because we are still a smaller community, our electors, men and women both, share and share intimately with us so far as they choose in every stage and every step of our political action. If that intimacy be withdrawn from them, or rather, if the knowledge which enables them to follow us step by step be withdrawn from them, those political questions disappear over their horizon and are replaced by others closer and more pressing, although probably of far less importance. Consequently, to us publicity is of great importance. If this Conference is to exercise that educational influence to which, in your concluding remarks, you referred as one of its chief functions—if it is to exercise it at all efficiently, it can only be by convincing Australia that the Government of Great Britain, the Government of the Empire, realises the significance of this gathering, however limited its practical powers may be. That you do recognise its importance we have proof in that you not only think fit to attend it, but honour it by addressing to us such words of experience and counsel as you have been good enough to speak to-day. You will, therefore, realise that much natural anxiety felt by us has been dispelled by your appearance and by your address, and will also perhaps realise how, at a later stage, we shall be inclined to ask your colleagues to remember that our people on the other side of the world, unless kept in close touch with the proceedings of this Conference, will not derive from it anything like the benefit we are desirous they should obtain. The preceding Conferences, at which Sir Wilfrid Laurier has been present, and in which he has played so honourable and conspicuous a part, may have produced great results in this country and in Canada, which, as compared with us, is your next-door neighbour; but to our communities at the Antipodes, separated by half the globe, I regret to say that those Conferences failed of anything like their full effect. Their results were carefully studied by some politicians and by those directly concerned, but they made little or no impression upon our people; and the

impression upon our people is what, in the long run, will determine very largely the attention paid even by public men. What the electors disregard, and cannot be practically invited to regard, tends always to become obscured by more immediate demands.

I trust that in this Conference we shall realise that although we have been likened and happily likened to a Cabinet of Cabinets, we differ absolutely from all Cabinets inasmuch as we have not a tittle of executive power; neither legislative nor executive authority is ours; and therefore the strict confidence necessarily observed in Cabinets has no analogical relation to the proceedings here. There are always risks in regard to publicity, and there are some matters in which reticence and private discussions are undoubtedly desirable; but it appears to me that the major part of the subjects for our discussion are not of that kind. Looking at our agenda paper, I observe that those subjects are few, and of those few subjects only some few parts call for secrecy. The great bulk of our deliberations might, as it appears to me, be held in public, or as nearly in public as the sense of this Conference authorises. Of course there are perils in publicity, but the greatest risk this Conference can run is the risk of being ignored or misunderstood. The more it is now ignored, or its publication postponed, the greater will be the liability to misunderstandings. These, when once they obtain currency, are hard to correct. Especially is this the case when you have to travel half round the globe before you begin the task of correction, and when you undertake that task are subject to the daily demands of local politics, which, as most of us here realise, may easily tend to conceal from constituents the Imperial issues at stake.

But, Sir, I do not rise for the purpose of endeavouring to add anything to your address or to criticise it, though your recognition of the value of subsidiary conferences, which would have a more technical and more detailed character, and call for a different class of representation, you have made a pregnant comment. There are many matters of this kind which can be better dealt with by such subsidiary conferences. Some of those matters may be so better dealt with, because such governments as Sir Wilfrid Laurier and myself represent, not being unitary but federal governments, have a limited though very large jurisdiction. There are questions beyond their jurisdiction falling within the control of the local governing bodies—the State Governments in our case; the provincial governments in the case of Canada. On certain particular subjects, such, for instance, as Education—and an educational gathering of some kind is shortly to take place here—our local governments require to be, and ought to be, represented.

The further remark made that it is our good fortune on this occasion not to be identified with any exceptional ceremonial is also timely. If it did not sound ungrateful, I could wish that we had not been identified with a London season or with a Session of the Imperial Parliament. If possible, these Conferences should assemble when Ministers of the Imperial Parliament are at leisure, and when the additional advantage might present itself of our having the public attention of the people of Great Britain to ourselves for a little time rather than come as we do now under the shadow of the great questions which are being debated in both Houses of the British Parliament. This Conference occupies a niche quite large enough for us individually, but too small for the great communities which we represent, especially if their possibilities are to be taken into account. We are not the representatives of to-day, though to-day we claim to speak for them; we are also the representatives of to-morrow, and of the day after to-morrow, of those portions of the British Empire in which the vastest opportunities of expansion, of aggrandisement, and of peaceful development exist, and which in view of those possibilities desire for their own sakes, as well as for yours, to be knit closer together. We aspire to the attainment

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of a mutual understanding, one of those ties which was happily referred to by the late Lord Granville, when, following Lord Salisbury at the first Conference in 1887, he referred to them as "'' ties of steel and of silk." It was at that Conference, to which my memory returns, that the precedent was set which you have happily followed by addressing us as a Prime Minister. Lord Granville, representing the then Opposition, also did us the honour to speak on that occasion. The chivalrous reference which you made to Mr. Chamberlain, the statesman who lately presided over these gatherings, may almost be taken as equivalent to a representation here of the present Opposition in the British Parliament.

In the future, Sir, we hope that the principle to which you have given your adherence, which has led to your presence here to-day, will be given a still further expansion. We may consider whether the Prime Minister of Great Britain, if not the actual, ought not to be the titular President of all these gatherings, so that the principle of governments conferring with governments would be recognised. Such a course would not detract in any sense or by any possible suggestion from any future Secretary of State for the Colonies, and, certainly least of all, the Right Hon. statesman of experience who occupies that post to-day, but merely in order to impress upon the public the cardinal fact that these are meetings of governments with governments for the sake of the Empire.

Sir JOSEPH WARD: My Lord, Mr. Prime Minister, and gentlemen, unlike my two friends, Sir Wilfrid Laurier and Mr. Deakin, this is the first occasion upon which it has been my privilege and honour to attend this great Conference, which is looked forward to by the people whom I represent with the deepest possible interest, and I want to say how much I appreciate the sentiments conveyed in the address delivered by the Prime Minister. We approach this Conference with a full recognition of the difficulties that must necessarily exist, not only in Great Britain, but in each of our countries, upon matters concerning which there is very great room for differences of opinion, and it is because of the fact in the outlying countries that those differences of opinion and difficulties attending them exist, that we are anxious to have the benefit at the consultation and the discussion of them, of the ripened judgment of the men who are responsible for the government of the Empire. For my own part I want to say how much I appreciate that reference to perhaps a minor matter made by the Prime Minister. I refer to the Conference which is sitting in another place for the purpose of regulating and dealing with the Navigation Laws of the Empire, and I take the opportunity of saying that, under the able presidency of Mr. Lloyd George, that Conference already has dealt with some of the most complex matters, and has arrived at decisions which, before we went into Conference, appeared to be almost impossible (to my mind, at least) of solution. It is from a knowledge of what we have already done in one great department affecting various parts of Britain and her possessions there, and the solutions that have been arrived at, that I look forward with some confidence to the discussions, and the results from those discussions, which must take place upon matters doubtless of wider and greater moment and of very great difficulty that will come up for consideration at this Conference.

New Zealand is far distant from the seat of the Empire. One arrives in the old land and feels on every side that one is amongst New Zealanders in the sense that they are British. The sentiment of the people, the desires and ambitions of the people here, though covering a very much wider area, are very similar to what we find in our own country, and it is one of the fine sides to being a member of the British Empire that one realises on coming to the old land that there is amongst every class a desire to bring all parts of our dominions as closely together as possible for the purpose of our

common good. I want to say, my Lord President and gentlemen, that however one from time to time may observe that the questions of the Colonies get drawn into the position of being subjects for political fighting either here or elsewhere, I regard the question of the future of the Empire as one that should be kept entirely above and clear of party warfare. There must be no question of party introduced into it. I am perfectly certain that the members of the Imperial Government view the matter in the same light, and I, for one, look forward with very great hope to the time when all questions affecting the Colonies may get into that happy position which the Foreign Office occupies in regard to the affairs of the Empire. Governments come and governments go; parties come and parties go, but our Great Empire we trust will last for ever; and the continuity of policy dealing with the great foreign affairs of this Old World is one of the things we admire so much, and which we would much like to get to the position of, so far as it affects the Colonies.

Sir Henry Campbell-Bannerman in the course of his admirable speech expressed a desire that we should approach matters appertaining to each of our countries without prejudice to one another. I am perfectly certain, Sir, that that will prevail in the whole of the discussions that take place at this Conference. I will not go into any details. The agenda is a long one; it contains most important matters, and I can only say that some of them I regard as of the most vital consequence, perhaps I may say without egotism, to the Old Country and certainly to the newer ones, that I believe the most important matters submitted will be decided upon, and that the ripe judgments of the gentlemen representing the Old Country, co-operating with the men from the younger countries, whose positions are so often misunderstood, will surmount difficulties that have seemed incapable of settlement. I recognise that the machinery required for carrying on an old country with a huge population is quite a different business to that which we have in bringing into active life the younger countries for the administration which we are for the moment responsible. In our countries we can do things in a day or a year that it naturally takes a long time to effect in the Old Land, and sometimes, perhaps, we are rather restive in wondering why it is that matters that we conceive to be for the good of our people in our own portion of the British Empire, that we think might be applied to the Old World itself, have been so long in being brought into operation. But on examination into facts we realize that it is infinitely more difficult to turn the machinery of the Old World such as exists to meet the diverse interests and requirements of such a huge population, than the machinery of a young country, especially when we have history and example by which we can steer clear of the difficulties that present themselves to the Old Country, and we get into a position of greater comfort in our younger communities than can be expected to be achieved in an old land. I want to express my regret that the ill-health of the gentleman who took such an active part in a former Government in connection with Colonial matters has, for the moment, laid him aside, and those sentiments, so very finely expressed by Sir Henry Campbell-Bannerman, I think will be re-echoed certainly in the country I represent, where a great deal of sympathy is felt in connection with Mr. Chamberlain's illness.

I wish to thank the Lord President and the Prime Minister for that cordial reception which I feel that from British representative gentlemen we would, under ordinary conditions, receive, but coming from them at this great Conference it is to me personally a very great pleasure indeed to acknowledge it. I know the New Zealanders will look forward with very great concern to the doings, when they are made public, of this important Conference, which I believe, and, I certainly hope, will be in the direction of

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bringing the Old Land and the great and growing self-governing colonies into much closer connection than they have attained now.

Dr. JAMESON: Lord Elgin, Sir Henry Campbell-Bannerman, and Gentlemen, in the words of appreciation used by Sir Wilfred Laurier as to the message of welcome we have received from the hands of the King, I think he was speaking for all of us. Again, the graceful words used in connection with Mr. Chamberlain, who presided at the former Conference, I am sure we all join in expressing, and I hope, before we go to-day, that those words will take formal expression in some message of sympathy from the Conference to that great statesman. The representatives of the greatest colonies have spoken, and I feel—and I think my colleagues, General Botha and Mr. Moor, will feel—that we, representatives of South Africa, must naturally labour under a certain disadvantage, not only on this occasion, but on every occasion of a meeting of the Conference when these important subjects on the agenda paper are brought up. We cannot each individually speak for South Africa. We have not attained out destiny, as those two great colonies, Australia and Canada, have already done. New Zealand, I believe, can live within itself, it requires no further consolidation, unless it is that great consolidation which this Conference, we hope, will take a long step towards bringing about, that is the consolidation of the whole of the component parts of the Empire. But we in South Africa, I hope and I thoroughly believe, will minimise that disadvantage by the unanimity with which we will approach every subject which is brought forward, and may further get a local advantage, I think, in that if possible we, seei that we do suffer from that disadvantage here, will go back to our countr in South Africa more earnest than ever in endeavouring to consolid our local interests, so that at our next Conference South Africa also sh be represented by one representative. In thanking you, Sir, on behalf Cape Colony, for the kind welcome you have extended to us to-day, I wish say that I was very glad to see that, though, of course, you expressed in ve kind words of sympathy, not only of the English Government, but of t whole of the English people with the Colonies and their representatives, y also reminded us that it was not merely sympathy that was expected fro this Conference, but solid business. Therefore, I take it that we will g further, propably, in this Conference than in past Conferences, that we wi get beyond the simple discussion of the methods of unity within the Empire I look forward with that expression of yours, Sir, and with the trouble whic you took to lightly pass over the whole of the agenda paper before the Conference, as far as it exists at the present time, to resolutions being passed not merely as resolutions which may be forgotten, but resolutions put int such a form that they will bring some real result. It is quite true, as you Sir, said, that of course, at this Conference, resolutions may be passed but n action can be taken. But there are various kinds of resolutions, and resolution may be put in such a form at this Conference—always supposing we, th Colonial representatives, come into agreement with the representatives o His Majesty's Government—that they can go to the various Legislatures, with whom alone the power rests, and that we should be able to take some step forward—some practical step towards further unity, not only in the sentimenta feeling, but in the practical material interests of the various component part of the Empire.

I thank you, Sir, again for your kind welcome.

Mr. F. R. MOOR: Lord Elgin, Sir Henry Campbell-Bannerman, and Gentlemen,—On behalf of the Colony I represent, I have to sincerely thank Sir Henry Campbell-Bannerman, the head of your Government, for the welcome we have received here this morning, and I sincerely hope and

sincerely believe that this great gathering is going to be for the good, not only of the Empire as a whole, but also for the good of that little Colony which I have the honour of representing here this morning.

General BOTHA: My Lord, may I express myself in Dutch, as I find it a little difficult to express myself in English.

(The following statement was made by General Botha through an interpreter.)

The circumstances under which I am present here this morning are somewhat different from those under which the other Prime Ministers are here. They have all been long in the saddle in the Colonies which they represent. I have just got into the saddle and I am not firmly seated yet. When the invitation arrived to attend this Conference my Government did not hesitate to express the opinion that the invitation should be accepted at once. Of course always having been the leader of the Boer population there, and because the Government have now received great privileges from the Imperial Government, it was a source of great pleasure to me to attend this Conference on behalf of the Transvaal people, and to prove by such attendance at the Conference that the old Dutch population of the Transvaal would work equally loyally with the English population for the welfare of the Transvaal and of the whole British Empire. I am very grateful for the sentiments expressed by Sir Henry Campbell-Bannerman in his address. I am here with an open mind on the various points raised, and with a fixed purpose of assisting my colleagues as far as I can, to forward the interests of the various portions of the British Empire.

CHAIRMAN: Gentlemen, the rest of the business which I have to lay before this meeting, consists of arrangements which the Conference will have to make in order to carry out their business at the further meetings which it will hold. Amongst those of course will be the subject to which Mr. Deakin has referred, namely, the question of the publicity which will attach to our meetings. I only refer to it just now to make one observation, that it was understood between some of us who met last week—and I think I explained it also to Sir Wilfrid Laurier and General Botha afterwards—that as far as regards the proceedings of this meeting they are being recorded verbatim, and will, as soon as it is practicable, be put in the hands of the Press. The rest of that subject, it is perfectly understood, is one for the decision of the Conference itself and not in any way for His Majesty's Government. The rest of this business, I take it, would, therefore, be of a nature which the Conference would consider, if I may so express it, in Committee, and I imagine that some of those present will not desire to be detained.

Sir WILFRID LAURIER: May I suggest that the Conference should adjourn now, and that the other subjects as to publicity and the future sittings of the Conference should come up for discussion at a subsequent meeting? At the present time I wish to move a vote of thanks to the Prime Minister for his attendance.

Mr. DEAKIN: I have pleasure in seconding that.

Sir HENRY CAMPBELL-BANNERMAN: Gentlemen, I am much obliged to you for your kindness in moving this vote of thanks. I think that I should rather like, although I do not know that it would be quite in form, to move a vote of thanks to the Conference and to Lord Elgin for allowing

First Day
15 April 1907.

(Sir H. CAMPBELL-BANNERMAN.)

me to be present, and that is much more the sentiment which I entertain than the idea that I have done any favour to the Conference by coming. It has been an unmixed pleasure for me to be here, and personally, individually, to give my official countenance to it. My whole object will be to do all I can to further the interests of the Conference, to help in bringing it through a successful career, in the hope that it may make a lasting impression upon the great questions which you have to discuss.

(The Ministers of the Crown having retired, the Conference then proceeded with its business in Committee.)

Lord ELGIN in the Chair.

ARRANGEMENT OF BUSINESS.

CHAIRMAN: An amended agenda paper has been circulated, but I afraid even that will have to be taken subject to amendments again. Be we get to the actual agenda, may I just say that, with regard to the days meeting, we have arranged, as you will see, for three or four days in a week, not always regularly the same days. That follows the precedent of form Conferences, in which, though they had certain days which they aimed at they were not able, owing to various other engagements which the members of the Conference had to fulfil, to keep invariably to those days. There another cause for a variation, namely, Cabinet meetings, which I and colleagues are obliged to attend. During the last Conference there was believe, a fixed day in the week on which the Cabinet meeting w generally held. Owing to circumstances that arrangement does not prev so regularly now, and I shall be obliged, I am afraid, to ask the Conferen to allow me to be absent from time to time without fixing a regular da but I have spoken to the Prime Minister, and, as far as possible, he w endeavour to avoid inconveniencing the Conference in that respect. From study of the proceedings at the last Conference, though they may have ha and I daresay, did have, an agenda paper something like this indicating t days, in general, the practice was—Sir Wilfrid Laurier will correct me I am wrong—to fix finally at one meeting the business that was to be take at the next, or the next following meeting, without too great an adherence t the general scheme. That, I think, was the practice, and, as far as th Colonial members are concerned, it probably will be as convenient for them as it is almost necessary for us. We can take this agenda, therefore, as general scheme; and it will be understood that it does not follow tha the particular subject put down for April 25th will be the subject which i then dealt with, but we will settle far enough ahead, so that everybody ma be ready, the subjects to be taken in their order. As regards the business f Friday of this week, I should have to ask for an alteration, and it is propose to sit on Saturday instead of Friday.

Sir WILFRID LAURIER: I may say that I have fixed several engage ments for Saturday. The next meeting of the Conference is on Wednesda and I suppose that is satisfactory to all.

CHAIRMAN: On Wednesday and Thursday we can hold meetings f discussion; but on Friday I am afraid we cannot meet as there is a Cabine Council. The First Lord of the Admiralty is also engaged on Friday an Saturday. The next thing to arrange is with regard to the time of th

meetings. I am not quite sure what the hours were on the occasion of the previous Conferences.

Sir WILFRID LAURIER: From 11 o'clock to 1 o'clock.

CHAIRMAN: And not in the afternoon?

Sir WILFRID LAURIER: No.

CHAIRMAN: I think we might meet at 11 o'clock and sit till half-past 1 on the understanding that if on any occasion there was a necessity for it we could arrange to sit in the afternoon. It appears to me that if the Conference meets in the morning, a good deal of business connected with the Conference can be got through in the afternoon separately, and in this I think Mr. Deakin agrees because there might be smaller meetings in the afternoon.

Sir JOSEPH WARD: I am sure we would fall in with any arrangements as to the sittings so long as we have enough time while we are here to get through the work.

Sir WILFRID LAURIER: We will leave it in that way. Whenever [redacted] Conference wishes to meet we are ready to be here.

CHAIRMAN: Then we will try it this week, sitting from 11 to half-[redacted]st 1 on Wednesday and Thursday.

Sir WILFRID LAURIER: There is a question as to the attendance of [redacted]e gentlemen who are with the Prime Ministers and the colleagues of Prime [redacted]nisters. I should like to have my two colleagues present with me at the [redacted]nference. It would be a great convenience to them and to me, at all [redacted]ents, and I suppose also to Mr. Deakin, to have the benefit of the presence [redacted] our colleagues.

Mr. DEAKIN: Certainly.

Sir WILFRID LAURIER: Is there any objection to that?

Mr. DEAKIN: Does not it follow from the principle which the Prime [redacted]inister laid down to-day, that this was a consultation of governments with [redacted]overnments. Although it is a case of one government one vote, it is [redacted]mmaterial how many members of that government come so long as the [redacted]rime Minister of each State is the responsible spokesman who calls upon his [redacted]olleagues when he desires their assistance.

Sir WILFRID LAURIER: You have expressed my own opinion on the [redacted]oint.

CHAIRMAN: May I explain my position in this matter? When I [redacted]eceived the despatch from Canada asking that the Ministers who came from [redacted]anada should be treated as members of the Conference, I naturally referred [redacted]o the proceedings of the last Conference, and I found that it had been dis-[redacted]inctly ruled that the Conference was a Conference between the Prime Ministers [redacted]nd the Secretary of State. This particular question of the admission of other [redacted]inisters was taken exception to at the last Conference, not by His Majesty's

Government, or by the representatives of it, but by one of the other representatives, and Mr. Chamberlain ruled that if the Conference was not unanimous on the point they could not be admitted. Speaking for His Majesty's Government we felt that the Ministers from the Colonies under the present system really occupy the same position as my own colleages who come into the Conference on any occasion on which any subjects in which they are interested are brought up, and they sit here and take part in the debates, as I understand it. The only difference is that they do not sit at the table and take part in the general debates unless the subject of them is one in which they are specially interested. Personally, I should be only too pleased to see all the Ministers from the Colonies who are good enough to attend these meetings in this country sitting at our table. The only thing I would like to point out as a matter of convenience is this: We are at present an assembly of eight gentlemen sitting round this table. The conversations which can take place between eight people sitting round a table can be conducted in a more familiar strain and with less formality than those of a larger meeting. I had rather wished to take up the whole of this subject in connection with the matter of the next meeting and the constitution of the Conference as a whole; but as Sir Wilfrid Laurier has mentioned it I have pointed out what I think ought not to be overlooked. As far as this Conference is concerned, if the Colonial representatives desire that other members beside the Prime Ministers should be recognised as full members of the Conference in a more distinct way than they already are—because I consider that they are already so recognised—I personally have no objection except on the pure matter of convenien I quite recognise that there is a difference between your colleagues a mine. My colleagues have other occupations here, and your colleagu come specially for this Conference and nothing else, and they natura would desire to see and hear all that is going on. I would suggest, as possible solution of the matter, that if all Ministers from the Colonies a recognised as full members of the Conference, that is to say, with the f right of entry to this room, it should be understood that the Prime Minist have the assistance, for the purpose of a debate, of the one Minister interest in the subject, and that the others, though present, should not intervene. only suggest that as a possible solution in order to keep the numbers of t Conference within bounds. I hope the members present will clear understand that this is a point on which I do not wish to give any rulin whatever; but I was following the principle laid down by Mr. Chamberlai If the Conference itself desires the presence of others, I, of course, acquiesc

Sir WILFRID LAURIER: I would say that Mr. Chamberlain ruled, think rather against his own inclination, that as a question of order, the poi being taken, as other Ministers had not been invited they should not b admitted. I think he was rather favourable to their being present. I as the question now, because at this Conference the whole subject of th constitution of the Conference is one thing to be discussed, and it woul apply to the next one. I think it would be very satisfactory to Mr. Deaki if he could have a colleague of his with him, and it would be very satisfactor to me if I could have my two colleagues so that we might have the benef of their assistance.

Mr. DEAKIN: I accept the suggestion of His Lordship.

Sir WILFRID LAURIER: And I, certainly.

CHAIRMAN: My suggestion is that one member only will take pa in the debate except by leave of the Conference.

Mr. DEAKIN: For instance, on the question of Preferential Trade, no doubt Sir Wilfrid Laurier would desire to speak, and at the same time Mr. Fielding. So also I should desire to have the assistance of Sir William Lyne.

CHAIRMAN: So that the two have a right to speak?

Sir WILFRID LAURIER: The Prime Minister has a right to speak always, but upon the question of Defence, for instance, I should desire to have the assistance of my colleague.

Dr. JAMESON: The next point in connection with that, which I want to bring forward, is that General Botha's Government have deputed Sir Richard Solomon to act with him in the Conference, and owing to his position, as he told us in his speech this morning, General Botha is very anxious constantly to have the advice of Sir Richard Solomon. Of course, Sir Richard Solomon could not be a member of the Conference, or take any part in it in any way, but I thought it possible the Conference might agree that the Prime Ministers should have their secretaries present with papers, and so on, which would be a very great convenience, and is a thing which is allowed in most other Conferences. In that way Sir Richard Solomon could come in and be a help to General Botha.

General BOTHA: If it involves a wrong principle I will not press it at all, because I am a man for principles, and I do not want to lay down wrong principles. Sir Richard Solomon is now here to assist me, and if possible I would like to have him present, but, as I say, I do not want to see wrong principles laid down for this Conference which will bind future Conferences.

Sir WILFRID LAURIER: With all due deference, and with every desire to oblige my colleagues, I hardly think Sir Richard Solomon could give this Conference any assistance. If he were in a position of a secretary, I think it might have been done.

Mr. DEAKIN: The Colonial Office secretaries are here. They take no part, though they come in freely to produce papers and supply information.

Sir WILFRID LAURIER: That is not taking part in the Conference.

Mr. DEAKIN: No, and that is all that is proposed in this case.

Dr. JAMESON: General Botha does not ask that Sir Richard Solomon should open his mouth except to whisper in General Botha's ear.

Sir WILFRID LAURIER: That is not taking part in the Conference.

Mr. DEAKIN: No. There is no objection to the secretaries being present.

Sir WILFRID LAURIER: At the last Conference my Secretary used to bring my papers and bag up to the door, but never further.

Mr. DEAKIN: If our secretaries were present, they could pass us papers and sort out what we wanted.

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ARRANGEMENT OF BUSINESS.

Sir JOSEPH WARD: Are the secretaries to be admitted?

CHAIRMAN: I do not know; Sir Wilfrid Laurier says it was not the practice to admit them at the previous Conferences.

General BOTHA: I will not press the point now.

Sir WILFRID LAURIER: A secretary would act as a secretary, and would come simply as an assistant to supply papers, and so forth. If Sir Richard Solomon comes under those circumstances it would be different.

General BOTHA: I do not think Sir Richard Solomon is in the same position.

Mr. F. R. MOOR: Personally it would be a convenience to me, as I have no colleague here, if my secretary could be handy to assist me. Of course, I shall not expect him to take any part in the proceedings, but he would be of assistance to me in referring to papers or anything of that sort.

Sir WILFRID LAURIER: The secretaries are always in attendance, and if one wants anything a message can be sent out to them to bring the necessary papers, and so on.

Mr. WINSTON CHURCHILL: I believe at the last Conference the private secretaries of the late Colonial Secretary were here in the room all the time.

Sir WILFRID LAURIER: I do not think the members of the Conference can have secretaries in attendance upon them at all times.

Sir JOSEPH WARD: I think, perhaps, our secretaries might be allowed to come in. We have all of us a good deal to attend to one way or another.

CHAIRMAN: Yes, they certainly might be in attendance.

Sir WILFRID LAURIER: They can be called in if need be.

CHAIRMAN: I think we might consider the point further about Sir Richard Solomon, and see if we can make some other arrangement. Then there is the question of the publication of our Proceedings.

Sir WILFRID LAURIER: Mr. Deakin could give us his views upon that question as he seems to have given some thought to the subject.

Mr. DEAKIN: The thought that I have given to it is due to our circumstances. Distant communities are absolutely dependent upon publicity for maintaining any real interest in the doings of the Conference and

educating the people on Imperial questions. I should personally be very glad if the Conference would lay down a general principle on the matter of publicity, retaining the right at the request of any member of going into Committee, as we have done to-day, which means report, unless thought fit afterwards. In the ordinary course, and on ordinary subjects, either the Press should be admitted, or the course pursued to-day of giving the Press a verbatim report afterwards should be followed. Whenever it is thought that a discussion is likely to evoke feeling here or elsewhere which would be prejudicial to the conduct of our debates, that of course would be omitted from the current report, and retained until the full report were published later.

Sir WILFRID LAURIER: At the last Conference we did not publish anything except the bare resolutions, and for my part I have come to the conclusion that these were very meagre reports, and that it is better that the discussions should be published, but I am not prepared to say whether they should be published from day to day. If everything is recorded here, and if at the end of the Conference it is published with the resolutions, I think the object would be satisfactorily served in that way. I am afraid if published from day to day there might perhaps arise a premature discussion upon certain matters, but I quite agree with Mr. Deakin that we should have a daily report of what is taking place and that it should be published with the resolutions of the Conference at the end of it.

CHAIRMAN: I might read what the Secretary of State said at the beginning of the last Conference: "I have made arrangements to have "a full shorthand report of the whole of our proceedings and I shall "endeavour as far as possible to arrange that each day's report shall be "sent to each of you before the next meeting. These reports will, of "course, be treated by all of us as absolutely confidential; at all events "for the present. What we desire is a perfectly free discussion which, we could hardly expect if that understanding were not arrived at; but at the close of your proceedings we will then consider whether anything, and, if so, what, should be given to the public. No doubt some of our conclusions will be made public, and it may possibly be found, on looking through the reports, that it may be desirable that more should be published. At all events, what I wish to explain is that that will be a matter for subsequent decision, and nothing will be published without the consent of the persons concerned." That was the arrangement, nd that is what we intended to continue. At the end of the last Conference, s Sir Wilfrid Laurier explains, a very small part of the proceedings was ublished. It may be that at the end of this Conference we shall wish to ublish more, but I agree with Sir Wilfrid Laurier that it would be inexpedient o publish day by day. After all, this must partake largely of the character f a confidential discussion across the table, unless we are having set pportunities like the way in which these proceedings began to-day. That, f course, stands on a different footing; but the ordinary course of the rocedure will be surely confidential and conversational discussion across this able, and therefore I think it is essential that each member of the Conference hould have, not only an opportunity of seeing, but of revising, the report of what he has said. That can always be done, and we have seen it constantly done in the proceedings of commissions and otherwise, if you combine it, as Sir Wilfrid Laurier proposes, with the report as a whole, but it cannot be done day by day, as that is almost impracticable.

Mr. DEAKIN: I do not wish to conduct this whole argument myself, but cannot admit the analogy between this Conference and any Royal

Commission whether for inquiry or otherwise. The difference is fundamental. First of all, this is a Conference of representatives; it is a Conference of representatives who have no power to do anything; they have only power to discuss and recommend. Anything to be done must be authorised by those whom they represent—that is their Governments, Parliaments, and ultimately the electors, and it is these who need information and conviction, if it could be imparted to them, just as much as we do. If we here succeed in convincing each other absolutely and return to our countries unanimous, that amounts to a great deal, but it leaves an immense amount to be done when we are endeavouring to convince majorities in our Legislatures in both Chambers and majorities of our colleagues. We have then to commence the work all over again. Want of knowledge delays it, impedes it, and obstructs it. Secrecy appears to me foreign to the nature of this gathering. It would be a legitimate criticism to say that if this Conference is treated as a Parliament you will have Parliamentary speeches, and it is desirable, perhaps, that our expressions here should be reconsidered and matured, and therefore that nothing should be completely published until you have had an opportunity of revision. That is a good point, but it seems to me that could be met by saying "If no verbatim report from day to day can be "given, let us have a full report such as is given in the first columns of a "newspaper where they are referring to the reports in the other pages. "Let them say, 'Lord Elgin presided to-day when the question under "'discussion was the constitution of the Conference. A resolution to this "'effect was proposed. Sir Wilfrid Laurier followed, and in the course of "'his remarks he took exception to such and such parts of the resolution, "'and submitted such an amendment, and he was followed again by "'Mr. Botha (or any other Member), who proposed this. After consideration "'these amendments were withdrawn and something suggested by Sir "'Joseph Ward was introduced, who gave as his reasons so on'—something "like that."

Mr. WINSTON CHURCHILL: Who do you suggest should take the responsibility of making the summary?

Mr. DEAKIN: I suggest the secretaries here should prepare a summary which they ought to submit to each member as to his own remarks, and as a whole to the Chairman, or to yourself, as his active assistant in these matters. It should be looked at from the point of view of the British Government, while each man would see that the short statement submitted to him was at all events so far correct as to convey the general drift of his remarks.

Mr. WINSTON CHURCHILL: You would not suggest that anything should be published in any case until after the member making the speech had had an opportunity of seeing what was to be published and attributed to him.

Mr. DEAKIN: No, but as far as I can see a great deal of our debates, even if there was a great deal of friction, might be carried on before all the Press representatives of the United Kingdom, as far as I am concerned. With regard to the précis, each member would require to see his part of it. That could be done before we left, especially if our sittings were only in the morning, as it is only a digest of no great length. What I mean is, that every word of that would be cabled to Australia and New Zealand; every morning they would know what we have been discussing; every morning

they would know what the principal men here were proposing; and every few days they would hear what the final outcome had been. Then they would have their interest kept alive. They would later see *in extenso* what they had only before seen in epitome.

Sir JOSEPH WARD: That was the procedure at the Navigation Conference, my Lord, and I think that to defer until the end of the Conference the expectancy of having everything said here published would be rather a mistake. I am inclined to suggest that in the absence of the press a synopsis of what took place here every day is a proper thing to issue.

Dr. JAMESON: At the Navigation Conference, was it found necessary to submit to each member of the Conference what he had said?

Sir JOSEPH WARD: There were three secretaries appointed, one representing the Board of Trade; Sir William Lyne, and myself.

Dr. JAMESON: It was all submitted to you?

Sir JOSEPH WARD: They prepared an outline of the proceedings, and it was submitted to the Board of Trade, and then submitted to Sir William Lyne and myself.

Dr. JAMESON: Before it was published?

Sir JOSEPH WARD: Yes.

Mr. WINSTON CHURCHILL: Taking about half a column of a newspaper, and this would take longer.

Mr. DEAKIN: This ought to be quite twice as long.

Sir JOSEPH WARD: I think that publishing the bare resolutions, as was done last time without a report of the discussion on them, would be a great mistake; the people would not know what was taking place and would have not the slightest idea of the views of anybody.

Sir WILFRID LAURIER: I quite agree; here is the book of the Conference that was not given to the public.

Sir JOSEPH WARD: The papers published were not laid on the table of both Houses of Parliament until two months afterwards.

Mr. DEAKIN: The last is confidential and has not yet been laid on the table; that is worse still.

Sir WILFRID LAURIER: I do not see why this should not be published and given to the public as the result of the Conference. The book we had contains the bare proceedings and the official papers, but the discussions from day to day are contained in this book here. I think for my part that this book should be given to the public. What took place at the Conference last time, Dr. Jameson, was that the stenographer took down everything, but the reports were given to each member the following day and corrected by the member, and so corrected they are printed in this book.

Dr. JAMESON: That would be thoroughly satisfactory. The only thing I feel, with Mr. Deakin and Sir Joseph Ward, is, that people would be very well satisfied if they got a short précis every day of some kind or another.

Mr. DEAKIN: Otherwise, they lose touch with it altogether, and we have to begin all over again.

Sir JOSEPH WARD: They look for something.

Mr. DEAKIN: We live in the light of a publicity which you gentlemen are hardly accustomed to.

Dr. JAMESON: Still more important than anything else is what Sir Wilfrid Laurier says—that that White Book, not the Blue Book, should be published immediately after the Conference in full. That is the most important of all.

Mr. F. R. MOOR: You do not mean that particular book there—the past Conference—but the present one.

Dr. JAMESON: No; on those lines.

CHAIRMAN: I understand, at any rate, that there is an agreement that we shall not have a verbatim report each day.

Mr. DEAKIN: I am in a hopeless minority.

Dr. JAMESON: Another thing is, we cannot get it.

Sir WILFRID LAURIER: I think the suggestion made on the last occasion in the words of Mr. Chamberlain is the best one, and I see no reason to depart from it.

CHAIRMAN: This is an illustration of what was done at the Shipping Conference the other day (*indicating a newspaper paragraph*).

Dr. JAMESON: I think a very short précis might very well be trusted to be given each day.

Sir WILFRID LAURIER: We might perhaps, compromise upon that.

CHAIRMAN: That there is to be a précis?

Sir WILFRID LAURIER: Yes.

CHAIRMAN (*to Sir Francis Hopwood*): Will you undertake to prepare a précis?

Sir FRANCIS HOPWOOD: I shall be very happy to try at the end of each day's proceedings.

Sir WILFRID LAURIER: We can see how that works without coming to a formal conclusion at this moment.

Mr. DEAKIN: It is very good of you, Sir Wilfrid, holding the views you do, to meet us so kindly in the matter. I just took the liberty of handing to the Secretary of State a cablegram I have just received from the Acting Prime Minister of the Colony, Sir John Forrest.

CHAIRMAN: May I read it?

Mr. DEAKIN: Certainly: "Colleagues wish to express to you a fervent "hope that the labours of the Conference will assist in promoting the "increase of trade and commerce amongst the British peoples, the main- "tenance of the British supremacy on the sea, and the closer union in the "bonds of loyalty, and affection of the British race throughout the world. "—Forrest."

CHAIRMAN: Is there any other point?

Sir WILFRID LAURIER: I propose that the following telegram be sent to Mr. Chamberlain: "This Conference begs to express its deep sympathy "with you in your illness, and earnestly hopes that you may be speedily "restored to active public life."

Dr. JAMESON: I beg to second that proposition.

CHAIRMAN: No doubt the Conference will agree to this telegram.* (*Unanimously.*)

Sir WILFRID LAURIER: I suppose that is all that is on the programme for to-day?

CHAIRMAN: That is all that we can usefully do, and we will adjourn Wednesday for the consideration of the special constitution of the Conference.

Will this do for the answer to His Majesty's telegram? "The Prime Ministers of Self-Governing Colonies present their humble duty to your Majesty, and desire to acknowledge gratefully your Majesty's gracious telegram, which will be a source of great encouragement in their labours."

Sir WILFRID LAURIER: That is very well expressed, Sir.

CHAIRMAN: I think that is all we can do to-day.

Adjourned to Wednesday next at 11 o'clock.

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* The reply from Mr. Chamberlain was in the following terms:—

"Sincerely thank Prime Ministers for good wishes; am promised complete restoration to health, in which case hope speedily resume public work. Meanwhile gratefully appreciate kind resolution of Conference."

Second Day.
17 April 1907.

SECOND DAY.

HELD AT THE COLONIAL OFFICE, DOWNING STREET,
WEDNESDAY, 17TH APRIL 1907.

PRESENT:

The Right Honourable THE EARL OF ELGIN, K.G. (President).

The Right Honourable Sir WILFRID LAURIER, G.C.M.G., Prime Minister of Canada.

The Honourable Sir F. W. BORDEN, K.C.M.G., Minister of Militia and Defence (Canada).

The Honourable L. P. BRODEUR, Minister of Marine and Fisheries (Canada).

The Honourable ALFRED DEAKIN, Prime Minister of the Commonwealth of Australia.

The Honourable Sir WILLIAM LYNE, K.C.M.G., Minister of State for Trade and Customs (Australia).

The Honourable Sir JOSEPH WARD, K.C.M.G., Prime Minister of N Zealand.

The Honourable L. S. JAMESON, C.B., Prime Minister of Cape Colony.

The Honourable Dr. SMARTT, Commissioner of Public Works (Ca Colony).

The Honourable F. R. MOOR, Prime Minister of Natal.

General The Honourable LOUIS BOTHA, Prime Minister of the Transvaal

Mr. WINSTON S. CHURCHILL, M.P., Parliamentary Under-Secretary State for the Colonies.

Sir FRANCIS HOPWOOD, K.C.M.G., Permanent Under-Secretary of Sta for the Colonies.

Mr. H. W. JUST, C.B., C.M.G.,
Joint Secretary.

Mr. W. A. ROBINSON,
Assistant Secretary.

CHAIRMAN: The Conference now proceeds to the active business fo which we have been assembled, and we will deal with the subjects whic have been put down for the first business meeting. From a study of th former proceedings I rather gather that it has been the practice at thes Conferences to discuss a subject not under the strict presentation of a resolution, such as you would have in a House of Parliament, but to discuss the subject generally, with, of course, the resolutions which may have bee

(CHAIRMAN.)

sent in in view, and then at the conclusion of the discussion, to endeavour to adjust such a representation of the decision, or an expression, at any rate, of the views of the Conference, as may be recorded in our proceedings.

In this case therefore we start with certain resolutions which have been sent in in reply to the invitation which I addressed to the various Colonies, and I think it would probably be the most convenient course if I asked one of those representatives of the Colonies who have submitted a resolution to open the discussion. I think that is in accordance with the practice on former occasions. I do not know whether those who represent Australia, New Zealand and Cape Colony have agreed among themselves as to the order in which that should be done. The first on my list is the Commonwealth of Australia, and unless it is otherwise arranged I should suggest that perhaps Mr. Deakin would open the discussion.

Mr. DEAKIN: Subject to Sir Joseph's approval and that of Dr. Jameson, what I was about to propose was this, to pass by the resolutions as framed, except so far as they furnish material for discussion upon them point by point; for instance, ours says, "That it is desirable to establish an Imperial Council." Directly we read that, the question of title is raised. Would it not be a business-like method to take first of all the question of the title of any future conference, discuss that and settle it? Then it passes on to say that the Council or Conference, or whatever it may be termed, shall "consist of certain members"—take that next, and decide how they are to be chosen, or the position of other Ministers which we settled amongst ourselves on Monday. That should be formulated, and so on, taking point by point the various matters that these resolutions suggest, dealing with each in turn. It might be necessary to alter their order slightly, but I fancy that would shorten the discussion.

CHAIRMAN: May I first point out that it puts those who have not passed resolutions at all into rather an invidious position? There is nothing on record and it seems to me with all deference that we should shorten our proceedings really if we had a general discussion first and saw how far we were able to get to a general agreement on the general discussion. If that was done I rather think the adjustment of details would be simpler. If we take the thing at once on the question of title, we really cannot settle the question of title without discussing the general constitution.

Dr. JAMESON: I was going to suggest that certain Colonies have put down certain subjects to be brought forward, and of course they have thought them of paramount importance. Other Colonies perhaps do not think them so important, and your objection to Mr. Deakin's proposal would be met, I think, by taking what has been put down, and then after these are finished any representatives of the Colonies who had not brought forward any resolution would go on to consider what they wished to bring forward to cover the ground, starting with what we have in front of us, and then practically taking what would be amendments from those representatives who had not brought forward any resolution on the subject.

Sir JOSEPH WARD: I quite agree with Mr. Deakin that it would save the time of the Conference, and be more advantageous, instead of the Australian and New Zealand representatives submitting independent resolutions, that we should agree to merge them in some form so as to endeavour to come to a general understanding.

CHAIRMAN: That is the same as I proposed.

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Sir JOSEPH WARD: Yes, if a discussion were to take place as you suggest, giving an outline of what is in the minds of the different representatives, it might enable us to arrive at some concrete form of expressing our desire upon this important matter. For my own part I am quite prepared to fall in with whatever is the best way of arriving at a decision upon it. I would just like to say that I am of the opinion that it is perhaps a little premature, Mr. Deakin, to commence to discuss what the term should be. We first want to see whether we are in accord upon the general principle of establishing an Imperial Council under some name.

Mr. F. R. MOOR: Would it not promote the object we have in view if the Colonies who have brought forward these resolutions would in brief give us their ideas each individually as to what form this should take?

PROPOSED IMPERIAL COUNCIL.

Proposed Imperial Council.

Sir WILFRID LAURIER: Canada has made no suggestion upon this point. I may say that in our country, as we have stated in our despatch, we do not view it with much favour, but we approach it with an open mind. I would at this moment observe relative to the suggestion of Mr. Deakin that we should take up at once the first proposal of the Commonwealth of Australia. "That it is desirable to establish an Imperial Council to consist "of representatives of Great Britain and the self-governing Colonies chosen "ex-officio from their existing administrations," and that the title should be the last thing to be determined. We should know beforehand what should be the functions and the powers and duties of that Council and define those, and then according to the functions which were deputed to it the title would depend. It might be a Council or a Conference or anything you please, but it seems to me that the very first thing, as Mr. Moor suggests, is that we should settle what we have in our own minds. For my own part I approach the subject with a perfectly frank mind, but I think the suggestion made is a good one, that the gentlemen from Australia, the Cape, and New Zealand should give us their views in a general outline, what they have in mind as to the functions of this Imperial Council which they think ought to be established. That would bring forward at once the whole scope of the discussion, and we could determine then how we could agree, but I do not think that we should give it a name unless we know what it is.

Mr. DEAKIN: If it be your wish, Lord Elgin, I have no possible objection to state off-hand, and shall endeavour to do so in as few words as possible, the general purport of this proposal. Our discussion will probably resolve itself into some such analytical method as I just ventured to suggest. We found in the despatch from the previous Imperial Government a proposal to adopt the title "Imperial Council." This we understood was intended to be conferred upon the existing Conferences without any substantial alteration in their powers, or in the principle of their constitution. We were prepared to mark our appreciation of the intention by the adoption of that title. It appeared to us a fitting cognomen for such a body, and if its constitution were elaborated to some slight degree it might have been a judicious thing to accept it even at this stage; but the intention of this general resolution of ours was to retain these Conferences precisely as they have existed—this Conference as it now exists—unaltered in personnel or in procedure, except so far as we might with advantage connect its several meetings during the intervals of its assembling, and provide for a more efficient means of keeping its members in touch with one another, and with the Government of Great Britain. Our idea was not to endow the new body

under whatever title it was known, with any legislative or executive power whatever, nor to diminish its immediate dependence upon the Governments of the Dominions represented here; but to provide that it should meet periodically, consist of Prime Ministers, discuss questions of Imperial interest, and where possible arrive at conclusions to be afterwards recommended to its governments and legislatures. But it should have no more power than we possess here of itself putting into effect any decisions at which it might arrive. Consequently, when the despatch of the Prime Minister of Canada was placed in our hands, and the suggestions derived from the experience of that government of the connotations of the word "Council" were put before us, we at once agreed that if Sir Wilfrid Laurier thought fit to press that view, for our own part there would be no objection to adopting the title which he suggested instead of that which we had proposed. We accepted the term "Imperial Conference" instead of "Imperial Council." The body we had in view was a conference that was to have no such powers as, according to the Government of Canada, are associated in their minds and in the minds probably of those whom they represent, with the name "Imperial Council" which to us would not have meant more than "Imperial Conference." We are perfectly prepared to accept that title. I do not need at this stage to detain the Conference further. Our object is to retain the Conferences as they at present are, in respect to their authority, to their constitution and to their periodical meetings. We add a staff, to which allusions will hereafter be made, for purposes which will then be discussed separately. As to meeting the expenses of that staff, we propose that it should not be cast upon the exchequer of this country. Beyond that it seems to me at all events not essential for us to proceed at this stage. I therefore submit that it is desirable to establish an Imperial Council or Conference. If the word "establish" be taken exception to, because, as matter of fact, the Conference is already in existence, I have no objection to that criticism. What is sought is to insist once more upon the regular, and, so far as we can, upon the permanent existence of this Conference. After that we propose a Secretariat with a view to the consultation through it of the various members of this Conference or of the Prime Ministers and others who would be members of the Conference in the intervals between their meetings; to enable suggestions to proceed from one or more or all of them through the Secretariat to each other and to the Government of this country, in order that questions likely to be dealt with at the succeeding meeting may be examined some time ahead, and that all necessary information and inquiries may be made and views exchanged, so that at the proposition, after reflection, may either be pressed, modified, or abandoned when the Conference is entered upon.

Under these circumstances, instead of meeting as we do to-day with only a very imperfect relation to the Conferences which have preceded this, and instead of taking up the questions before us in an elementary fashion, we should have an agenda of partly or completely prepared, and sometimes partly digested matters. This would not only save time, but would enable us to approach our conclusions with much greater confidence. In the same way, with such a Secretariat after a Conference had closed its labours, the resolutions arrived at would either be the subject for further inquiry or where the governments agreed that it was a matter within their scope or their legislatures agreed at some time prior to the next Conference that it was a question within their scope, there might be whatever action, small or great, was called for. The action of the Secretariat would be subject, as I have always said, to the real authorities without whom no action is to be proposed to be taken, that is to say, in each self-governing community, to that community itself; until its assent was given in the ordinary way by law or by executive act, as the case might be, there would be no power in this Secretariat to ask for or to direct any action. The Secretariat would be merely an agency for carrying out the

instructions of one Conference and for acting as an intermediary at the suggestion of any Prime Minister or any government or governments in order to prepare for the next Conference or between its meetings.

I hope I have not spoken at too great length, but the idea that we had in our mind was not an extension of power; it was an extension of inquiry, an improvement of method, a system of obtaining complete information and of enabling us to exchange views with the Government of this country or with each other. Let me say in conclusion that there are some matters of foreign politics, for instance, which occasionally touch closely, either every Dependency or some of the Dependencies of the Empire, and amongst them some or all the self-governing communities. At the present time any communication on those matters is indirect of necessity, but it is also impeded by other considerations. We may appear officious; we may appear to be assuming without sufficient knowledge that some communication of ours is called for. We desire to be in a position to be able to make such necessary enquiries in regard to foreign politics as may appear to us to be urgent and important, to make them direct, to obtain a reply, and if that reply appears to us to embody any principle, to communicate through such a Secretariat with the other self-governing communities asking that they be placed in possession of the same information in order that they may consider whether in the interests of their own people they too should not communicate direct with the Government of this country in whom the whole control of foreign affairs and defence rests. I think such occasions would be of rare occurrence, and do not think they would arise after we had once got into touch with one another more than once or twice a year, but when they did arise they might be very vital indeed to some or all of us. But in all these aspects, what is intended is the continuation of the present Conference under improved conditions, systematized procedure, larger information, and whatever extra dignity or prestige would come from a higher standing, but especially in regard to the greater efficiency that we might expect from these developments. What we propose is the continuance of these Conferences with additions which in no way alter their character, principle, or dependence upon the legislative action of our respective governments.

Sir WILFRID LAURIER: Have you thought of the composition of the Secretariat?

Mr. DEAKIN: Yes, to this extent. My own idea is that, if possible, the Secretariat should consist either of persons new to the public life of this country, preferably trained by Colonial experience, and possibly with some official experience here, but, as far as possible, men who had been selected for their knowledge of the outer Empire, if I may so term it, of its great dominions, and of the methods of government obtaining there.

Sir WILFRID LAURIER: To be appointed by whom?

Mr. DEAKIN: By the Conference practically, for the Secretariat would be its agency. It would necessarily require to be attached to some department and when the proper time comes I shall hope to make a suggestion, without offence to the Colonial Office and certainly not to its chief, which is that there appear to us to be a great many practical reasons why it is desirable that the Colonial Office in the future should be what it was at its commencement simply the office for the Crown Colonies. Any communications that the self-governing Colonies or self-governing Dominions have with the Mother Country should pass through another channel preferably to the Prime Minister

of this country direct. The number of despatches from the self-governing portions of the Empire is, I think, comparatively small and would require only a small office. Their communications of a regular character, exchanging information, and so on, are frequent. The Prime Minister's attention would be rarely called for, but at present we suffer, and suffer constantly, because ninety-nine hundredths of the time and attention and ability of this office must necessarily be devoted to the enormous area, the immense population, and the innumerable problems which surround its administration of different communities scattered all over the world. It appears to me that it would be for the advantage of the Colonial Office, and it would be to our advantage, if we were dissociated altogether from the Dependencies which are governed, and admirably governed, if I may say so, from this office. Taking the communities that undertake to govern themselves, from which the despatches are rare and which require very much less attention, it would be to their advantage to be associated, as I am daring enough to suggest, with the Prime Minister himself, who I understand, although his responsibilities are almost beyond description, is not burdened with much administrative work at the present time. I did not intend to enter upon that now, but as you asked me, Sir Wilfrid, I have answered your inquiry.

Sir WILFRID LAURIER: I think it is important in the discussion. When this subject was first put to the Colonial Governments by the despatch of Mr. Lyttelton, the suggestion was that an Imperial Council should be created; and, as we understood it in Canada, it meant this—and I think that was the thought that Mr. Lyttelton had in his mind at the time—that the Council should be composed of the members of the present Conference or of the Conferences which have taken place up to this date, that is to say, of the Prime Ministers of all the self-governing Colonies, assisted by a permanent body to sit here in the City of London, similar to the Imperial Defence Committee. If that idea had been accepted, that there should be here a permanent Imperial Civil Committee instead of an Imperial Defence Committee, the title "Imperial Council," I think, would have been appropriate. We demurred at once in Canada to the idea of creating such a committee as was suggested, but we thought it preferable to keep the Conferences to their present composition, without any more power than they have at the present time; and therefore we suggested that the name "Conference" should be retained, substituting for "Colonial" the word "Imperial," which I think is more in accordance with the fitness of things. These Conferences are really Imperial in their character, since they are not composed only of the self-governing Colonies, but of the representatives of the Imperial Government also. I am very glad to hear from Mr. Deakin that he has no objection to that. The next question, as I understand—the idea of having such a council as was suggested by Mr. Lyttelton—is not pressed.

Mr. DEAKIN: We have never pressed it.

Sir WILFRID LAURIER: No. I thought that the Imperial Government would press it; but it is not pressed, as I understand. Therefore we are brought to the idea of having a Secretariat, sitting here in the City of London. Even in this modified form I am far from being agreeable to it. The Imperial Conference, if the name is accepted, cannot sit here more than once in four or five years; it cannot sit every year, I think everybody admits, nor every two years; three years even would be too proximate a date. I may say, for my part, I thought even four years was too short a space of time, in view of the fact that nobody can come to this Conference except at great inconvenience; and supposing it were decided to sit every four years, you would have here

the Secretariat, and during the four years the Secretariat to whom? As I understand, to the Prime Minister, according to Mr. Deakin's proposal. The Prime Minister of England is a pretty busy man. I am the Prime Minister of a very small Colony, large in territory but small in population, and I am a pretty busy man, and I imagine that if the Prime Minister of England could add some 24 hours to the 24 hours of the day it would not be too much for him; and I think if you are to burden him with any more duties, I see some difficulty there. The Colonial Office, which is already divided into departments, is the proper department to deal, under ministerial responsibility, with the self-governing Colonies or Crown Colonies. I would not like to pass by the suggestion of Mr. Deakin. I simply give my impression, and, as I said a moment ago, I approach the subject with an absolutely open mind. I am simply pointing out some of the objections which I see at this moment.

Sir JOSEPH WARD: I would like to say a few words upon this important matter, Lord Elgin. Whether the organisation is termed a council or a conference to my mind is not of very great importance so long as the position and duties of the Council are defined, and speaking for my Colony I lay it down as one of the cardinal principles of such an organisation, that there should be no interference with the present rights and powers of the governments of those self-governing countries; and in that respect if we are safeguarded, as I am perfectly sure everyone is desirous of doing, what we term the meeting of the Prime Ministers does not matter. If it is covered by the term "Conference," in deference to Sir Wilfrid Laurier's wish I have not the slightest objection, and I should be only too glad to fall into line with it. Why I preferred the word "Council," is because it indicates permanency, and it is with the object of having a permanent institution established that I think we ought if we can to arrive at some decision of a definite nature in dealing with this matter.

Now, upon the point last referred to by Sir Wilfrid Laurier, and dealt with by Mr. Deakin in the course of his speech (upon which I should like to add I have had no conference with Mr. Deakin), I should like to say, in regard to the suggestion of the method of dealing with Governments of the Crown Colonies and those of the self-governing Colonies, our self-governing Colonies are increasing in population and in power daily; during the next 10 or 20 years there is no man sitting at this table can contemplate what those countries, among them the Dominion of Canada, are going to attain to, and I am persuaded in my own mind, that although the work of the Colonial Office—and I have had a fairly long experience as a Minister of the Crown in our country—with regard to our self-governing countries has been of the finest possible character, there is, however, a feeling, in the minds of administrators certainly, that we occupy a very different position to those Crown Colonies. We regard the Crown Colonies as being governed and controlled by the British Government entirely, with the advice of the experienced representatives who go out as Governors to those Crown Colonies. We look upon them as portions of the British Empire governed from England, and under their complete control and direction, subject to the advice, as I say, of the Governor resident there. Our self-governing countries are not in the same position. We are responsible to our own people and govern ourselves, and we want to be regarded as we always have been, though working through the Secretaries of State for the Colonies. We should be in a different category to the Crown Colonies. I think the term "Colony," so far as our countries are concerned, ought to cease, and that that term ought to apply to the Crown Colonies purely, and that those of us who are not at present known as Dominions or Commonwealths, should

be known as States of the Empire, or some other expressive word, so as to make a distinction as between the Crown Colonies and the self-governing Dependencies. I would not presume for a moment to suggest how the work of the Colonial Office should be arranged, but if we were put under a separate category, and necessarily with a separate Administration for the working of our self-governing countries, that would be a great improvement, and, although perhaps not important in the minds of some people, would be a source of considerable satisfaction, certainly to our country. I should like, at all events before we finish our discussion, to say something further upon the suggestion made by Mr. Deakin, with a view to arriving at an understanding about it.

For my own part, I want to say that whether it be called an Imperial Conference or an Imperial Council, in my opinion it should consist of the Prime Ministers of the self-governing Colonies, the Prime Minister of England, and the Secretary of State for the Colonies. That is the opinion I entertain, and I have had that in my mind all along. Now, I suggest that we should consider the propriety of including the Prime Minister of England upon the Imperial Conference for the reason that it does in the eyes of the outside world impress upon the public at large the fact that the Government of the Old Land is part and parcel of the Conference. An ordinary individual who takes an interest in the carrying on of the affairs of a country like the one to which I belong cannot draw a line between the individual designations of the great Ministers of the Crown in the Old World, and I believe it would not derogate in any way from either the functions or position of the Secretary of State for the Colonies and it would add materially to the importance of the Conference if the Prime Minister of this country were included.

I want also to say that I think the functions and powers of the Council should be consultative and advisory only on everything—that is on all matters affecting the Empire or Imperial matters in which the States would be in any way concerned, and that it should have no executive or administrative powers.

Upon the question of the Secretariat, I am inclined to think that that is a matter that ought to be deferred for final settlement, and it ought to be deferred for the reason that if this Conference arrives at the decision that it is desirable to have a permanent Imperial Conference, then I think the present Prime Ministers should confer as to the best means of having the gap between the times of the periodical meetings every four or five years filled up. The meetings should not be too frequent, their frequency would weaken them to a very material extent and detract from their influence, but I think that the manner of the filling up of the gap by the permanent officer who is to be here to represent such an Imperial Council, requires to be very carefully considered before we arrive at a final conclusion about it. I am not favourable myself to the creation of what one might term a separate office, carried on in the Old Country as an intermediary between the respective Prime Ministers during the recesses. I should feel rather disposed to consider whether the self-governing countries could not mutually agree to one or two of the more important representatives of their Colonies resident in England, that is, the High Commissioners or Agents-General, becoming the recognised channel through which communications should pass. I want to make it quite clear that the communications which we now are in the habit of sending from the Colonies through the Governor to the Secretary of State for the Colonies, should remain absolute, as at present, for the purpose of dealing with all matters of Imperial concern to our country about which from time to time we require to communicate, because I think we should be, above all things, strenuous in our desire to preserve our entity or individuality in the matter of the control of our own country. But a permanent Imperial Conference would

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in my opinion be invaluable. Questions which it would be to the interest of all of us to confer upon, of importance to the different self-governing countries, could, in the recess, be subjects for correspondence. I see no reason why, by correspondence upon many matters of vital concern to our countries, we should not really perpetuate the advantages that ought to accrue from the periodical meeting of practical men. My opinion is that during the recesses enormous good to our respective countries would accrue, if we were able to recognise that we had all the right to communicate, confidentially if we wished, through the Secretariat upon matters that might be of immense consequence to our countries.

Our country is very anxious and willing to assist the Old Land in the event of trouble arising, to do so voluntarily by men or by money, and, I think, always would be ready to do its share in fighting for the defence of the Motherland in any portion of the world. We want to keep clear of the possibility of being drawn into what one might term Continental troubles with England itself. We want to have a distinct line of demarcation drawn in that respect between the responsibility we accept of our own free will and the responsibility that may be imposed upon us without our having had any opportunity of conference or discussion with regard to it. To my mind that is one of the matters upon which such an Imperial Conference or Council permanently established, with the understanding that the members of it would correspond with one another during the recess from time to time should circumstances require it, would be beneficial, so that we might take joint action for the purpose of helping or working together in critical times. To secure a position of that sort I regard as of very great importance, and we in New Zealand should have the benefit of the advice of a gentleman, say in the position of Sir Wilfred Laurier himself, or of any other who might when the time comes take his place, which I hope will be a long way off. What an enormous advantage it would be for a country like New Zealand to have the opportunity of conferring with, perhaps, General Botha or Doctor Jameson, which we could do with some authority if we had a permanent institution properly established. As it is at the moment, in carrying on the Governments of our respective countries, we may have communications from the Secretary of State for the Colonies. We act to the best of our judgment; we act without consultation with the Premiers of the other self-governing countries. Occasionally the Prime Ministers of the Commonwealth and of New Zealand confer as a matter of discussion beforehand, but still we act independently. With the recognition that we had some sort of—I do not say power, because power would not be the proper word—but the opportunity of consultation, if we had an organisation by which we could look upon it as our right to confer with each other, then, I think, a recommendation coming from us after mutual discussion and consideration, perhaps by cable, would be invaluable in arriving at a decision upon very critical and important matters.

I do not propose to take up the time of the Conference further at the moment, except to say that I do hope that we will be able to meet the difficulties or to meet the views of Sir Wilfrid Laurier on this question. I recognise, as the representative of New Zealand, that unless we have the full concurrence of the representative of the great Dominion of Canada with us upon the proposal to establish an Imperial Conference permanently, it would be quite hopeless for us to expect to arrive at anything like a working basis which would be of any use to us. For my own part I should go a long way to meet any suggestion Sir Wilfrid Laurier has to make in the hope that we may do something before we part on this occasion towards establishing an institution that ought to be not only helpful but invaluable to our respective countries in carrying on their functions. We must all be in agreement regarding the establishment of a Council or Conference.

There is a matter to which I would only allude and then I will conclude.

At the present moment we are all anxious to try to assist the intricacies of trade development; we are all desirous—at all events, the self-governing Colonies are—to enter into reciprocal treaties with one another on matters of trade. If we had an Imperial Conference or Council established of which the Prime Minister and Secretary of State of England were members, that is a matter which might, with enormous advantage both to the Old Land and to the newer ones, be taken up by the Imperial Council, and be gone into with a view to see what anomalies and what difficulties exist on the side of the Mother Country and what anomalies exist in the Colonies, to enable something like a unanimity of decision being arrived at. My opinion is that we should give and take upon matters of great importance so as to bring the Mother Country into line with us, on a difficult question of this kind. For my own part I do not see why the Imperial Council should not consider among other things, with full information furnished to it from the Secretariat, the desirability of omitting some items that we are deeply concerned in from the proposed tariff between our respective countries, possibly foodstuffs. That is a matter which a Conference, sitting as we are now, cannot go into the detail of, but we could get an immense amount of information concerning it which would be of great use to us in arriving at a decision. New Zealand has taken up the matter of a Council at the instigation of the Secretary of State for the Colonies in the despatch referred to by Sir Wilfrid Laurier, sent out in 1905. The three previous Conferences to the present one have all felt, though they have derived practical good from the interchange of ideas between the representative men in charge of the affairs of the respective countries, a certain amount of hopelessness owing to the difficulty of putting into some practical effect the decisions arrived at at the casual Conferences that have been held.

I merely wish to say upon this question that if it is possible as the result of the discussions for us to arrive at some basis upon which we could construct an Imperial Conference of a permanent character, then I think the meeting of the representative men of the respective countries would certainly have done good.

Dr. JAMESON: Lord Elgin, I would first say that I recognise what Sir Joseph Ward has said, the advantage of having unanimity upon this subject, or any other subject which comes before this Conference. Nothing will be done unless we are all unanimous, and I was very glad to hear the extremely moderate and very lucid statement of Mr. Deakin on the question of Conferences. I was glad to see from that lucid statement that he was able to remove from the mind of Sir Wilfrid Laurier the idea that he had any elaborate scheme to propose with regard to the constitution of this so-called Imperial Council, which I may say at once I would be glad to see changed in name to the Imperial Conference. We did not wish to initiate any new scheme whatever, as Mr. Deakin has explained; all that we desired was to make more efficient the work of the Conference, as the Conference stands at present.

I noticed that Sir Wilfrid Laurier still practically stands to the objection to the second portion of the scheme, that is the Secretariat, the new office to be created in England. Sir Joseph Ward says he does not want to see any new office created in England; at the same time there is a desire that there should be some connecting link between the Conferences during the three or four years when we do not sit, and unless you have something in the form of a Secretariat I do not see how you will get that desirable link. Then I do not think Mr. Deakin exactly expressed his answer to Sir Wilfrid Laurier. Sir Wilfrid Laurier asked: "Who is it to be the Secretariat of—the Prime Minister of England?" and Mr. Deakin said: "Yes," but I do not think Mr. Deakin meant that exactly; he meant it should be the Secretariat to all

the Prime Ministers of the Empire,—the Prime Ministers of England and of all the self-governing Colonies. My idea of the Secretariat was that each of those Colonies should appoint its representative upon it, the Prime Minister of England also being represented upon it. I think this the right arrangement as far as the self-governing Colonies are concerned, because, after all, at the back of the whole of this is the fear of the expense of any new body here and the possibility that that body might grow in power so as to interfere with the powers as they exist in the self-governing Colonies themselves. I think we are all unanimous in this room, and I know how strong the feeling is that we ought not to delegate any possibility of any power away from the self-governing Colonies, but that we ought to increase their powers. What we are anxious to do is, of course, to get each individually into constitutional equality with the Motherland; it may be a very disproportionate equality, but that is our idea, really that we are going to be nations, not separate from the United Kingdom but nations within the United Empire. But it is to be nations; so I want to disabuse General Botha's mind, he having mentioned the subject to me a couple of days ago, and also the mind of Sir Wilfrid Laurier, from the idea that we are not as strong as they are on this subject of maintaining absolute control over local affairs in our various Colonies. With that idea, to show that no power could accumulate to this Secretariat, I would propose, at first at all events, that that Secretariat should be composed really of our representatives in this country at the present moment, who are entirely under our control so far as we are concerned. In the case of Canada, New Zealand and Australia, it would be the High Commissioners, and in the case of the other Colonies it would be our Agents General. Then, as to the work. What would they do during the three or four years with no guiding hand? I think there will be plenty of work for them to do—in fact, I consider each of these High Commissioners or Agents General probably would create a department with perhaps one or two clerks under the Agent General to do the investigation work that would be required in preparing what I call the brief for the coming Conference. Till then the Secretariat would consist of either the present or other representatives appointed by the various Colonies themselves, entirely under the authority of those various Colonies, and that would form, I think, a beginning only of the link between the Conferences as at present established. I understand the 1902 Conference passed a resolution that the Conference should be every four years, or at all events, should occur within four years, and I have no doubt that before we part we will pass a resolution that we should meet every four or five years, or whatever the term may be.

On that same point again Mr. Deakin said that in preparation for the Conference the Secretariat would work out these subjects as, I say, the brief for the Conference, and at the same time in working up this brief various subjects might be proposed which on investigation it might be found it was not worth while bringing forward, and they would be abandoned. Of course that Secretariat would have no power to abandon or create anything; they would be abandoned, as Sir Joseph Ward suggested, by correspondence between them and all the Prime Ministers, and by the authority of the Conference, although the Conference might be scattered at that particular time all over the Empire.

Mr. DEAKIN: Precisely.

Dr. JAMESON: Still the whole power is left with the Conference, and I may say I contemplate that this Conference will not attempt to get any further than merely consultative work even in the Conference itself; there is no possible increase of power. As I say, it is a kind of seed which may grow.

Of course, we may have visions a thousand years hence of a closer union we want no more than that at the beginning. We want no new depa We know perfectly well how shy any one of the Anglo-Saxon race is of departure, and all we want in the self-governing Colonies is that thi of the Empire should gradually grow, but you must put the seed i that it may begin to grow. What we want is what I think the Sec State for the Colonies suggested—a link between the Colonies.

General BOTHA: Lord Elgin, and gentlemen, I have read with great interest the speech made by Mr. Chamberlain at the last Conference, and there is one point that specially drew my attention, and that is this: "It is "clear that the object would not be completely secured until there had been "conferred upon such a Council executive functions, and perhaps also "legislative powers, and it is for you to say, gentlemen, whether you think "the time has come when any progress can be made in this direction." Now, when I read this I thought that if the word "Council" was to be attached, as suggested by Mr. Deakin, to the word "Imperial," this might make an infraction upon the rights of responsible government of the various self-governing Colonies. On this point I am conservative, and I do not see any reason for departing from the name which we have to-day. I should like to build up, but I should like to build slowly. The circumstances of South Africa to-day are such that we represent three Colonies there. The fourth Colony, will, I hope, also be represented at the following Colonial Conference. I think it is a good thing for us to discuss the point, but I do not think we should arrive as yet, at this Conference, at a final conclusion on the matter, although I am inclined to identify myself in a great measure with the suggestion of Sir Wilfrid Laurier. On the question as to the Secretariat, I think the suggestion made in connection with that, with all due deference to Mr. Deakin, is not quite happy. I do not quite understand what the duties and functions of those people will be. I also fear that we might afterwards create more work for ourselves with the officials of the Secretariat than with the Colonial Office itself, and I want to maintain the bond of connection as directly as possible between the Colonial Office and the self-governing possessions. I believe each Colony has its Agent-General here, and I think we should modify the instructions to the Agents-General in this respect, that they should have authority to prepare the agenda for us, to work up the facts for us. That is all I have to say.

CHAIRMAN: Gentlemen, I am sure anyone representing the Imperial Government must have listened with great satisfaction to the discussion that has taken place, in one particular, at all events, because it is quite obvious that every word that has been spoken and every suggestion which has been made has been made in the spirit of increasing the unity and strength of the British Empire; and I feel very much, that if that is so, (and I think it is so), there is no fear, as Sir Wilfrid Laurier put it on Monday, that this Conference will be a failure. We may have differences of opinion with regard to particular methods in which we ought to carry out the purposes, but if we have the same end in view, I am sure we shall endeavour to adjust our differences so as to secure that end. Therefore, I do not think it is necessary for me to go so much into detail as at one time I thought might be necessary with regard to the various resolutions which were sent into us from the other Colonies.

We meet in the first place under the resolution of the last Conference; that, no doubt, is in the recollection of the Conference, but I have it here before me. Since that time my predecessor, Mr. Lyttelton has sent out proposals which have been referred to in this discussion. I mention them

all respect; they have received support from several Colonies, but Lyttelton himself, after the despatch which came from the Canadian nment, agreed that these proposals must be deferred at any rate until d been discussed here by the Conference which is now assembled. All e that I would say with regard to them is this, that no doubt the ns which are on our paper for consideration to-day, do take up both the proposal which Mr. Lyttelton put forward, and that, therefore, we have in a sense those proposals as well before us. Now it appeared to me when I first saw these resolutions that there were considerable differences between the views taken by those who proposed them. In the first place I came to the conclusion, and I am glad to have it confirmed by what Mr. Deakin has said, that the object of the Government of the Australian Commonwealth was to preserve the chief characteristics of the Conferences as they have hitherto existed, but I was not quite so sure with regard to the resolutions from New Zealand and the Cape, and I thought that it was possible to read in them a proposal to establish in place of the Conference a permanent body or Council, which was, of course, an entire alteration from the principle under which we assemble. But from what Sir Joseph Ward has said, and I think also from what Dr. Jameson has said, I may assume that that is not the intention of those Governments; they do also, as Mr. Deakin has put it, desire to preserve these Conferences—I will not say exactly on the same basis, but at any rate on the same principle on which they have existed hitherto as Conferences, as the Prime Minister described them, between the Imperial Government and the self-governing Colonies through the representatives of the Imperial Government and the Prime Ministers of the Colonies. I notice, again, that the Australian resolution does say distinctly that the representatives of the self-governing Colonies should be chosen *ex officio* from their existing administrations, and I think I gathered from Mr. Deakin that by that he does mean the Prime Ministers essentially.

Mr. DEAKIN: The phrase "*ex officio*" was used only because it might be physically impossible for the Prime Minister to be there, in which case a second Minister would take the place of the Prime Minister and speak for him.

CHAIRMAN: Quite so. New Zealand does not enter into any qualification; but I do not wish to press that, or any other difference between the resolutions, unduly. I quite expected to have, as we have had, full explanation from the representatives of the Colonies when they came, and I do not understand that on that point there is any difference between Sir Joseph Ward and Mr. Deakin.

Now I come to a very important matter indeed, and that is the functions of what is called, in the resolutions, the Imperial Council, but which, from what I have already said, really means the Conference. New Zealand, again, gave no definition of the functions, but the Australian resolution did define them and defined them in a very interesting manner, because it puts it very distinctly that the objects of the Council are to discuss at regular Conferences matters of common Imperial interest, and went on to say: "and to establish "a system by which members of the Council shall be kept informed during "the periods between the Conferences in regard to matters which have been, "or may be, subjects for discussion." Discussion at the Conferences is at the root of the whole business. I venture to think that the point is of importance, for this reason, that on the one hand, so long as we are dealing with the question of the methods by which we may improve the machinery of the Conference system, we are doing one thing, but as soon as we begin to discuss any question of establishing a body with powers independent of the Conference, we are doing a perfectly different thing. That second thing is a

new thing. It is not what we have have had, and I am afraid it would be very difficult for me to agree, on behalf of His Majesty's Government, to the establishment of a body with independent status or authority. It would be contrary to the freedom and independence of which the Prime Minister spoke at our meeting on Monday. Therefore, it was that we did feel with Canada that there might be under a proposal of this kind, a danger to the autonomy of us all—not only us here, but the self-governing Colonies as well. In the self-governing Colonies, as with us, I need scarcely remind the members of the Conference, the basis of all British government is the responsibility of Ministers to their Parliaments; not only, as here, our responsibility to the British Parliament, but your responsibility to your Parliaments. I venture to think that to do anything to establish a body that might interpose in any way between Ministers and the Parliaments to which they are responsible might almost endanger the liberties which ought to be inviolate. I for my part find it difficult to imagine that a body in any way independent of Ministers here or in the Colonies, established in this country, could be in accordance with the principles to which I have referred. I know it is said that nothing executive is intended, and it is to be nothing but advisory. I am afraid I do not think that that entirely removes the objection. We have, even in private life, sometimes had experience of the candid friend, the man whose advice we cannot avoid listening to, though, perhaps, it does not always strengthen our hands in the process. I venture to think that there would be a relative danger, but of course under all the circumstances a much more important danger, in the establishment of a body in any way independent in connection with these Conferences; and I think I may say for my colleagues that we all think Ministers must be secured in the direct responsibility which they hold to their Parliaments.

There is another point which Sir Joseph Ward referred to, and which I would just like to touch on for a moment, and that is that we already have a constitutional link between the government of this country and the governments in the Colonies through the Governor himself. I hesitate to say much about that in the presence of my colleagues, who have had much greater experience of the working of it than I have, but I do venture to say that the Governor's position is an important one, and his influence is often very great, if I may make one personal allusion, I speak from a recollection of chapters in my own family history, and from my experience of the last eighteen months in this Office. You must recognise I am sure, every one of you, that we endeavour to send out to the self-governing Colonies men who are of a standing and calibre to fulfil those duties. A change in the relations here might make that very difficult, and there would be a danger, I think, of the influence of the Governor being destroyed, or, at any rate, his opportunities of influence restricted, and of course it would not be very difficult to make the Service less attractive to men of ability and energy. I do not wish to press that point in any way too far, but I think it is one worth bearing in mind in the discussion of this question.

In what I have said hitherto, I have, no doubt, rather assumed that I was speaking of what I imagine possibly might be the idea underlying the New Zealand resolution as to an Imperial Council in place of this Conference. I repeat that I do not think that that is practicable, at any rate in the meantime; I would not put it aside altogether. A time may come when it may be practicable. I have dwelt on the importance of the link of responsibility between governments and their parliaments. I can appeal to those here who have had experience of federations that that is borne in mind when the federation itself is called into existence. It is to a Federal Parliament that the Federal Government is responsible. If we ever in future ages come to a federation of the Empire, which is a dream that men have entertained, it must proceed, I maintain, on the same

principle, and whether the time will come when science and the inventor may make that practicable—and one feels a doubt whether one ought to put any limit to the triumphs which await science and the inventor — still, at any rate, that is not a part of the discussion to-day, and we must deal with the problems as we find them. I would only just say, therefore, that with regard to this meeting I understand the Conference is, with practical unanimity, agreed—I think I may put it as far as that—to accept the designation of "Imperial Conference." I think, as far as I am able to speak for His Majesty's Government, that we would be perfectly prepared to accept that designation, and to allow the matter to stand as regards that branch of the subject, on that footing. I think that designation originally came from Canada, and, therefore, I suppose I may assume that Canada would carry us so far. I think that can be taken as one result, but I should not like to limit the resolution to that. The Prime Minister spoke with emphasis on Monday of his desire for some means of "maintaining the impetus." This is really a discussion of business relations, not quite on the same grade, perhaps, as the former part of the subject, but still of immense importance. I should like, with all deference to Mr. Deakin, to say that I am not prepared to admit that I am ashamed in any way of the submissions which have been made to this Conference. It is not only the Colonial Office, but every department, I think I might say, of the British Government, who have been concerned in laying before the Conference what I venture to maintain are a remarkable series of papers. It has been our business in the Colonial Office, of course, to co-ordinate and arrange them, but we do not profess to take credit for more than it has been our duty to do. What I hope is that the Conference will now, or, at any rate, when the business of these meetings has been completed, feel that the Colonial Office have done all they can to put the subjects before them orderly and with full information, and will, so far, at any rate, express approval of the efforts of my friends the Secretaries, who have been mainly responsible in this matter. But it is said that even if that is so this work is ephemeral; when the Conference is dissolved the organisation disappears and the thread is lost. I am not quite clear that I should even admit that altogether. I think, in justice to my office, and in justice to the other offices of the British Government, that if you study these papers—for instance, this paper la before you describing the progress of events—you will find that a good d has been done on a number of subjects between the last Conference and th I am not in the least inclined to dispute that there would be an advantage more continuity, but I would say so under one condition, that I think t any organisation established for that purpose must be under a responsi head. We must remember that many, if not most, of the subjects wh come before the Conference are highly confidential. They are matters wh deal with information from official sources. If we advance so far as approach a remedy, that remedy must be obtained, either in this country in the Colonies, by the efforts of the legislature.

I may refer to some observations that have been made in the cours this discussion with regard to the position of the Colonial Office. It has b suggested that the Colonial Office should cease to be in communication w the responsibly-governed Colonies, and should restrict its energies to Crown Colonies. No doubt at one time most of the responsibly-gover Colonies, if not all of them, were Crown Colonies, and the change has co gradually. To a certain extent that has been recognised in the Office itse Within the last year we have been brought face to face with the fact that the Transvaal, and very shortly in the Orange River Colony, we have t additions to the number of self-governing Colonies, and some re-organisati of our office would be desirable, and we have had it under consideration. do not know whether the Conference will call upon the Colonial Office provide for the continuity which it desires. If the Conference should so ca

I venture to reply that the Colonial Office will do its best to meet it. I cannot answer the question as to whether the Conference will so act, but I should not like to pass this opportunity of thanking Sir Wilfrid Laurier for an expression of his opinion of the work done, and the spirit in which work had been done by the Colonial Office during the long period of his experience. It is a testimony which we value very much. I would venture on my own part to say that my experience, so far as it goes, would certainly be in the same direction, and I say that with the greater freedom because I am not a permanent member of this Office; I am only one of those political will-o'-the-wisps who pass through it and have gone. I have found here, I am bound to say, in the members of the staff of this Office, an absolutely single-minded devotion to the interests committed to their charge, and a determination to deal with the affairs of the Colonies as they come to them without fear, or prejudice, or favour.

Now, gentlemen, I say that if the Conference will allow us we are quite prepared to undertake to do our best to devise methods for securing the continuity which is desired. As I said, I have had this matter under consideration, and I might, perhaps, have elaborated a scheme for submission to this Conference, but I thought that on the whole it was better not to forestall the Conference. I desire to get suggestions from the members of the Conference, which I shall, of course, be only too pleased to take advantage of so far as I can. But if the principle is accepted, further conferences of, perhaps, a more confidential character, may take place during the course of our proceedings, and the matter may be arranged. If this could be done it appears to me that we should secure the greater part, if not the whole, of the propositions put before us in the resolution from Australia. If the Conference should lay stress upon any subject the consideration of it would be early and would be continuous; any inquiry would be completed, and when the inquiry was completed, then the subject would be fully prepared with the fullest details, as Mr. Deakin desires, for the next Conference; or, what I think is a suggestion which should not be overlooked or disregarded, it might in many cases with great advantage be dealt with, as the shipping question has been dealt with this [illegible]ear—by a subsidiary conference which could meet with less inconvenience, [illegible]o doubt, to the Colonies and Colonial Ministers, but which, as that [illegible]nference to which I have referred shows, may have great results. The [illegible]ime Minister called your attention to that on Monday.

I do not know that I can add very much, and I hope I have not detained [illegible]e meeting at too great length as it is. I have endeavoured to put frankly [illegible]fore you the difficulties which his Majesty's Government would feel in [illegible]tablishing a body independent of the Government of this country. May I [illegible]y one word with regard to the suggestion that this secretariat should be [illegible]nder the Prime Minister. I have only to bear my testimony to what Sir [illegible]ilfrid Laurier has said as to the extreme strain which would be put on the [illegible]rime Minister by such a course. I cannot think myself that it can be the [illegible]se that the business would be of small dimensions. I hope and believe [illegible]at the communications between ourselves and the Governments of the [illegible]sponsible self-governing Colonies will for long be constant, and that we [illegible]all act in concert, and the more we do so, the more important it is that the [illegible]usiness should be transacted in a large office where we can command full [illegible]trength.

An observation was made, I think, by Sir Joseph Ward, with regard to [illegible]he opportunities that this system which has been adumbrated might give [illegible]or communications between the Colonies themselves. I do not quite understand why there should be a difficulty now. According to our present system, I think when a subject arises between us and any one Colony, which may be of interest to others, it is our practice to forward the communication

to the others, and, as far as I know, there are inter-communications between one Colony and another. I only say that as an explanation arising out of the observation Sir Joseph Ward made.

I do not know what I can suggest as to the next step, as we have all expressed our opinions on these matters, but whether we are at this moment in a position to propose or prepare a resolution for adoption, I am not quite sure.

Sir WILFRID LAURIER: My Lord and gentlemen, as I understand the discussion so far, upon the first point, that there should be an Imperial Conference, there seems to be practical unanimity. Upon the second point, as to how it should be composed, that is the question next for consideration. I take it that the Imperial Conference is practically a representation of all the self-governing Governments to meet periodically with the Imperial Government here in London. There may be some discussion and valuable exchange of opinion as to how this Conference should be composed. I listened with a great deal of attention to the suggestion made by Mr. Deakin, and, I think, supported by Sir Joseph Ward, that whereas in the past these conferences have been presided over by the Secretary of State for the Colonies, the Prime Minister should be joined in order to affirm the fact that it is, as I ventured to express it the other day, a conference between governments and governments.

Next, as to what was originally the thought, that there should be an adjunct body to sit here in London permanently during the three or four years that the Conference would be absent from London. This point is reduced now to having a secretariat. There is a good deal of difference of opinion amongst us upon that. I have said, and I can only repeat that I approach this subject with a very open mind. I have listened with very great attention to the observations of my three colleagues, Mr. Deakin, Sir Joseph Ward, and Dr. Jameson. They protest, and I am sure they are quite sincere about that, that such a secretariat would not have any work to do more than is implied in the word "secretariat," that it would not be an independent body, but a dependent body. I know that is the intention. But I cannot bring myself to see how the organisation of such a body is to b anything else but that of an independent body. Whom are they going advise? Whose suggestions are they to receive? On what authority a they to act? What work shall they do? What advice shall they giv Shall they give independent advice? What reports shall they make? I conceive that a body of that kind might be instructed to prepare so work here and there occasionally, but during four or five years they would here all by themselves taking the suggestions of nobody, so far as I can s It was suggested by my friends, Sir Joseph Ward and Mr. Deakin, that th should be under the control of the Prime Minister, but even that I am n satisfied is practicable. If Mr. Deakin can satisfy me that it is practicab I am prepared to listen to his observations, but at the present time I am n convinced that this is a practical step which would meet with any substanti result. On the contrary, I believe such a body would in the necessity things be always inclined to act independently, and I share altogether the vie of Lord Elgin that for the present no such body should exist, but that, the principle of responsible government, no one should give advice of an kind except a man who is responsible directly to the people.

These are the views I have to present at this moment, and of course w approach all these points in a confidential manner at this table, being read to exchange our views and receive suggestions. As Mr. Deakin and Si Joseph Ward have given a great deal of attention to these matters, if the have any further suggestions to make, I, for my part, shall be very willin to receive them.

Mr. DEAKIN: Lord Elgin, the emphasis which you laid upon the assertion of the principle that you could not consent to the creation of any body which should be independent of the Government of this country is one which will be cordially re-echoed by every representative from the self-governing colonies. We could take back no proposition more unpalatable to those whom we represent than one for the creation of an authority which would have control over them and not be subject to their control. No such suggestion was ever intended. Certainly it was never present to my mind, and certainly it would be repudiated by our Parliaments. I do not, however, quite apply the same doctrine as Sir Wilfred Laurier did. He, at all events, had not excluded it from his mind, when dealing with the question of the secretariat. Before coming to that second branch of the subject, let me hope no remark that I made would bear one interpretation which you appeared to think possible with regard to the submission of work to this Conference. I have to say that the first Conference, so far as I am aware, which has been in any way properly equipped, has been this Conference. You have been good enough also to add to the information supplied some other information—I think at the suggestion of some of us—most of it already complete, which is very valuable. I had not certainly any intention of implying any defect on the part of the submissions to this Conference under present conditions. The difficulty is that the result of those submissions reaches us just as we are arriving or have arrived in this country, and I candidly confess that with the best will in the world and with long hours of wakefulness, and constant occupation, I have not yet been able to read a single line of them. On coming to London, especially after a long interval, being met with the overwhelming kindness which all visitors experience, and also met with a rush of official and business communications of one kind or another, which have been apparently suspended for the purpose of constituting a shower when we arrive, it has been perfectly impossible, at least so far as I am concerned, to give that valuable information the consideration which it deserves. One of the objects of the secretariat is that not only that the information should be obtained up to date, but that it should be available at a time and in a place where it could be properly weighed and criticised beforehand. I have no doubt as we proceed we shall be able to make use of it.

CHAIRMAN: Of course some part of the information can scarcely be prepared until the last moment.

Mr. DEAKIN: Some portion of it, but it is necessary, if we are to come here equipped for work, that it should be in our possession much longer than these valuable summaries have yet been.

With respect to one allusion your Lordship made to this very interesting paper, which is called "Notes upon the action taken pursuant to the resolution of the last Colonial Conference of 1902," there is on page 2, the resolution of 1902 quoted "That so far as may be consistent with the confidential negotiations on treaties with Foreign Powers the views of the Colonies affected should be obtained, in order that they may be in a better position to give adhesion to such treaties." There is a statement that a despatch was sent to the Colonial Governments, and a memorandum on the means of facilitating such communications is to be laid before the present Conference. What I should like to be informed, and am not informed by this memorandum, is whether any treaties of any kind have been negotiated since that resolution was carried, and, if so, did any communications pass with any and which of our governments in relation to them.

CHAIRMAN: Do you want an answer off-hand?

Mr. DEAKIN: I should not object, but do not expect it. There have been treaties. My memory, I think, recalls a Roumanian commercial treaty, and I do not recall from memory—being here absent from my Office—any communication with regard to it, though I by no means assert that no communication was sent or received. There are one or two other treaties which I think have been negotiated since that date, on which I should be glad to be supplied with information to supplement this interesting paper.

CHAIRMAN: I am informed by the Secretary that treaties are sent out in a general despatch.

Mr. DEAKIN: If I might have a list of the treaties sent out to us, I should be obliged. Further in the course of his remarks, Sir Wilfrid Laurier alluded to my suggestion of the Presidency of the Prime Minister at future Conferences. That is one of the conditions which appear to me to be worthy of deliberation by this Conference, so soon as we pass from the general question. It appears to me that this suggestion would raise the status of the Conference; it would place the Governments represented here in precisely the same position in every respect, and is therefore of value and of weight. If the Prime Minister of Great Britain presided either in fact or by deputy at meetings of future Conferences, there is no doubt that greater prestige would attach to them where prestige is most important, especially in the outlying dominions. That is part of the proposal which we made as to *ex-officio* representation. It is not intended in any way to ask for particular persons or in the least degree to reflect upon any other members of his Majesty's Government. The Secretary of State for the Colonies would no doubt be the deputy whom for most purposes the Prime Minister would select. But if the Prime Minister did not expressly select a deputy, perhaps the character of these meetings would be emphasised by the adoption of the proposition which I think fell from my friend on the left at the previous meeting, that the senior Prime Minister present from over the sea might very fittingly preside at some, at events, of the meetings of conferences of this kind in the absence of the Prime Minister of this country, and perhaps in the absence of his immediate usual deputy. That, too, may appear to some to be a comparatively for question, but if it were needed to convey by means of an object lesson the dominions beyond the sea a true perception of the generosity with wh we are treated here, and of the footing on which the Government of t country has always consented to meet us, I do not think any object less more expressive than that could be obtained. I do not dwell upon the points as of importance in themselves, but the number of people who are ab to be impressed with an idea, or with a suggestion of a principle, only, most effectively, by some such means is great. I am sure the Secretary State for the Colonies does not suspect me of any other motive than that adding to the dignity and usefulness of this body.

The suggestion which I have the temerity to make as to the associatio of the self-governed communities with the Prime Minister, was, I felt full aware, open to severe criticisms, but it is recommended very strongly fo special reasons. It is a symbol; it is a recognition parallel with, and exactly of the same character as has been embodied in the phrase that this is meeting of governments with governments, or Prime Ministers with Prime Ministers, as Sir Wilfred Laurier happily put it. Again, the idea passed

through my mind, though I have not endeavoured to work it out in detail, that as this Conference was one of governments with governments its Secretariat is intended to represent all those governments. It should therefore be presided over, being in this country, by the Prime Minister of Great Britain. I think it was again my friend on the left who put that.

Dr. JAMESON: The Conference is presided over by the Prime Minister, but the Prime Minister would not preside over the Secretariat.

Mr. DEAKIN: He must, according to my thinking, to this extent, because the Secretariat is in this country and he is the Prime Minister of this country and practically the only Prime Minister always in this country. Sir Wilfrid Laurier takes the practical point, that there must be a head, and that with us means a responsible Minister, to whom this Secretariat should look. Even if it were constituted on the plan which Dr. Jameson suggested, there must still be some person to whom constant reference may be made, and whose yes or no in the conduct of affairs is final. There must be executive authority. If an office of that kind were established, the head of it could only be the Prime Minister of Great Britain. He is the only Prime Minister [illegible]ble for that purpose. It would be an office of all the Governments, so [illegible]ak, but as an office under the active executive direction, so far as that [illegible]ded, of the Prime Minister himself.

Dr. JAMESON: Under him as representing all the others. You can [illegible] it that way.

Mr. DEAKIN: That is matter of discussion. I am endeavouring to [illegible]ly to Sir Wilfrid Laurier's inquiry, at the same time appropriating my [illegible]nd's arguments and suggestions.

Dr. JAMESON: The Prime Minister, as representing all the Prime [illegible]sters.

Mr. DEAKIN: He represents all the Prime Ministers, but he primarily rep[illegible]resents his own Parliament, and the Parliament of this country would req[illegible]uire to be satisfied that their Prime Minister's authority, so far as it went, was[illegible] actual and not nominal. There must be some authority over the Sec[illegible]retariat, and the proper authority appears to me to be the Prime Minister of [illegible] England. I admit, with Sir Wilfrid Laurier, that the tasks of Prime Mi[illegible]nisters, even in outlying countries, are great. Sir Joseph Ward, Dr. Jameson, a[illegible]d no doubt all round this table, would bear almost universal testimony that in[illegible]ne of us having experience of that office find the day long enough, or our ca[illegible]pacities for work equal to what we wish. But that is so in all communities, an[illegible]d is only proportionately greater in the greatest of communities. Every P[illegible]rime Minister in every part of this Empire knows perfectly well that he or his su[illegible]ccessor must be prepared, as the years pass by, to take more and more r[illegible]esponsibility. It becomes a matter of selection, putting some responsibilities a[illegible]side, and adopting others in their stead. The mere fact that a proposal [illegible]means more work for an already over-burdened man, if that were the final [illegible]rgument, would cripple our political development altogether. Lord Elgin [illegible]aid with perfect accuracy that there would be, and in fact there are, a [illegible]reat many communications passing between the self-governing Colonies [illegible]nd any central office in London. When I said there would be only a small [illegible]umber I meant a small number really calling for the personal attention of [illegible]he Prime Minister himself. As you, Lord Elgin, are aware, a great number [illegible]f our despatches are requests for information or replies to requests for

information, or deal with matters of that kind, which, so far as you are concerned, need not reach you at all, except in the sense that you are satisfied your officers do their duty.

CHAIRMAN: I think I made an observation with reference to that point that it would mean the creation of a new office of considerable size.

Mr. DEAKIN: The idea we have of it would be that those matters would still go to the departments which now deal with them. There is no idea of appointing an immense secretariat to cope with them. All the departments of this Government would remain—the Colonial Office, the Foreign Office, the Board of Trade—and matters of inquiry and ordinary communications would go to those departments as a matter of course. What I thought might be attached to the Prime Minister personally were those despatches which have respect to the exercise of the self-governing functions of self-governing communities, all great constitutional questions or matters involving constitutional questions. Those happily do not arise frequently, and would not therefore involve so great a tax upon his time as might at first appear to be implied. As I said at the beginning of this discussion, I hesitated to speak at the length that the subject really demands, because thought we were rather approaching a general agreement to be followed by dealing with points detail by detail. I apologise for having taken so long but cherish these ideas believing they can be realised at once with great profit and with a still stronger conviction that ultimately the development these Conferences is likely to be in this direction. I do not belittle the work of the Colonial Office—it is simply gigantic—but the Colonial Office finds necessary to omit India. It was recognised to be perfectly impossible this Office to include the administration of that vast country with enormous population. In the same way the Colonial Office must expect see the self-governing communities outgrow its capacity for control, which not capable of being indefinitely extended. I think the Secretary of State told us that he has as much work as he can transact at the present time, so far from the calls upon him diminishing from this great array of countries whose names I see emblazoned on the outside of those wall maps, I know and we all know, that these calls are increasing, owing to the strides being made in the development of those countries. I had the pleasure of reading one speech of yours, Lord Elgin, and another by your able associate Mr. Winston Churchill, which conveyed to the people of this country and our people some proper sense of the immensity of the great Crown colonies of which we confess we do not possess much knowledge, any more than the people here possess much knowledge of us. You have an enormous task of administration there. But the successful administration of those Colonies calls for methods of administration and treatment and begets an attitude of mind, based upon presuppositions and preconceptions, which cannot be escaped from but which do not at all attach to self-governing states, which are quite foreign to us, and give us a general sense of discussing a question with persons who have already made up their minds upon it on another basis altogether. Consequently, I wish to say that it is no reflection to say that this great department has already ample and growing work on its hands apart from the self-governing communities, and that in course of time it must expect to see those communities, first of all relieving the Department by undertaking a good deal more for themselves, and next, by sending their despatches to the Prime Minister, where they will not be jostled in the Department over-burdened with administrative work alike and yet different in character.

Sir JOSEPH WARD: In reference to the resolution moved by New Zealand, which appears to have conveyed the impression, as I infer from some observations that have been made, that we wanted to have an Imperial Council of an executive character, or with some authority to act independently of the British Government or of our own Governments, I would just like to say that on receipt of the despatch from the Secretary of State for the Colonies asking what resolution the New Zealand Government desired to submit, I sent a memorandum to his Excellency the Governor without any resolutions at all. I gave him a heading of the subjects that New Zealand thought should come up here for consideration. My own view was that it was not desirable to submit resolutions from our Colony, and it was only on further application from the Governor, requesting that it should be sent in the form of a resolution, that I responded to it. I wanted to make that clear, because the resolution I submit is "That it would be to the advantage of the Empire, and "facilitate the dealing with questions that affect the Oversea Dominions, if "an Imperial Council were established to which each of the self-governing "Colonies could send a representative." I may say that in public utterances of mine in my own country I have made it clear that such a Council would be a Council of advice, and of advice only, and I have not suggested at any time in our country that we should be responsible for the creation of an Imperial Council which should have executive authority, because I am personally opposed to it. I believe it would be an impossibility for us to carry on satisfactorily our present system of self-government if any such body were created with any such authority, between our Government and the British Government. I do not wish the impression to go abroad that I have proposed establishing anything of the kind, because I have not. In that respect I wish to say that the criticisms of the general views put forth in reference to the body that might be created in England, so far as I am concerned, really do not apply, and I wish to add that the people in my country are not favourable to such a suggestion.

CHAIRMAN: I think I put it hypothetically.

Sir JOSEPH WARD: That is so; but a hypothetical observation when [illegible]n in cold print might convey an impression that the Colony itself was [illegible]sirous of doing something which we are not desirous of doing, [illegible] which I am personally opposed, and to which I have never been [illegible]ourable. Then I do not quite understand, and I should like to have [illegible]ormation upon it, what was conveyed by the Secretary of State for the [illegible]lonies when he asked the question "will the Colonial Office provide for the [illegible]ntinuity desired?"

CHAIRMAN: Will the Conference ask the Colonial Office to provide the [illegible]ntinuity?

Sir JOSEPH WARD: Do you mean the expense?

CHAIRMAN: No. I mean that we should provide the organisation. What I meant was that if the Conference approved we were prepared to [illegible]repare a scheme for providing the continuity which is aimed at in these [illegible]esolutions.

Sir JOSEPH WARD: As a permanency, do you mean?

CHAIRMAN: Yes, as a permanency.

Sir JOSEPH WARD : Then, I now quite understand the point. I only want to make it perfectly clear as I tried to do during the course of my observations—and I was limiting my observations necessarily with a view to having a preliminary discussion upon this matter—that, so far as New Zealand is concerned, we have never had anything but the highest respect for the gentlemen who from time to time have filled the office of governor in our country. We have found the governors sent out from time to time, men of the highest integrity, and their desire has been not only to help the Old Land, but to help the land to which they have been sent as representatives of the King. In that respect I am not suggesting for a moment a permanency of advice as between the respective Prime Ministers of the self-governing countries and the representative appointed by the Old Land itself. In regard to the machinery that has existed up to now, we are not reflecting upon it in any way whatever, and, last of all, I neither conveyed, nor have I ever had any impression that the Colonial Office and the important executive officers of the Colonial Office have done anything other than their duty in every possible way and with the greatest possible satisfaction to the people of our country. I do want to say, however, on that suggestion of Lord Elgin, that, of course, I was aware of the system of communications being forwarded to the respective governments, and also of their having the right to communicate with one another. That is the case; but there are subjects upon which, under existing conditions, except privately or semi-officially, I, for one, would not presume to send a communication to the Prime Minister of another country. There are some matters which I think we ought to have the right to confer with one another upon. Again, I am not finding fault with the present machinery or system under which communications are sent to our governments. Far from it; but in our country there are matters which crop up, which, in their general bearing, are of importance to ourselves, upon which I want the opportunity and the right to have a consultation with, or advice from, other Prime Ministers if I so desire. The all-important fact exists that the present system is incomplete, and if a permanent Conferen is established, including the Prime Minister of England, we could be consultation with each other on matters of consequence to our countr which are growing at an enormous rate, and which are so scattered. I w to make that clear, because I recognise the difficulties in establishing a ba to create an Imperial Conference, and those difficulties have presented the selves right away in the course of this discussion. I want, as far as I concerned, to make it clear that I am broaching this question, not with object of being put upon my defence from the point of view of the pres work of the Colonial Office, because that is not in question so far as I concerned. On the contrary, I think they do the work in a way that no c can reasonably find fault with; but the point is rather the difficulties creat by our self-governing countries growing at such an enormous pace, an there being a desire on their part to be brought into closer contact with eac other and with the Mother Land, and the real issue is can we establish som permanent institution to enable us to discuss important matters of mutua concern, and above all, for the strengthening of the Old World and the Ne World too. So far as New Zealand is concerned, I wish at once to say tha whatever decision is arrived at as to how the work should be carried on i the interval between Conferences, we are prepared to adopt any suggestion made to bear our full proportion of the cost entailed.

Mr. DEAKIN : The secretariat will not stand on a popular basis unless that responsibility is accepted. The contribution may be calculated on any proportion you like.

Sir WILFRID LAURIER: The matter of cost can easily be decided. The question is, whether such a body as is contemplated would really be conducive to efficiency for the carrying out of the objects we have in mind.

Mr. WINSTON CHURCHILL: Supposing a secretariat were established you would utilise that as a machine for inter-colonial communication passing between one Colony and another in which the Imperial Government were not directly involved?

Mr. DEAKIN: Yes.

Dr. JAMESON: And also where the Imperial Government is involved.

Mr. WINSTON CHURCHILL: Quite so; but that would be one of the functions of such body.

Mr. DEAKIN: Yes, a sort of *nexus*.

Mr. F. R. MOOR: I have listened very patiently this morning, and it seems to me that there is a considerable amount of dissatisfaction as regards the want of continuity of the interest which obtains with respect to these Conferences every four years. It is exceedingly interesting to have listened to all the tentative proposals made here this morning, and I think we should, perhaps, get a better purview of the whole position if Lord Elgin would give us his idea of the machinery that he would suggest. We would then get a general view of the whole position, and I think we could come to a conclusion more intelligently after having all the proposals laid before us.

Dr. JAMESON; I was going to suggest the same thing. Some of us adumbrated a scheme of our own which certainly has not met with ersal approval all round. You, my Lord, have not a scheme yourself, but have practically indicated to us that His Majesty's Government is in ur of doing something to bring about continuity and making a link ween the Conferences. We are not talking about a link between the erial Government and the Governments of the self-governing Colonies, a link between the Conferences. You have indicated that the Imperial ernment would be inclined to do that, and we have indicated a link—at t, Mr. Deakin, Sir Joseph Ward, and I have—by means of the secretariat ch we have ventured to sketch out. Certainly that has not met with roval from Sir Wilfrid Laurier, and only a qualified approval from neral Botha. If you will help us with some idea of how the Colonial Office l be able to link up the Conferences, we will be able to get on further.

CHAIRMAN: I said at the beginning that I supposed after the cussion, following the practice of other Conferences, some attempt would made to arrive at a resolution, and, therefore, I thought it my duty to ft—purely for consideration, of course,—a resolution which I am prepared read. I may say that we base this on a resolution of the last Conference th the necessary alterations. This is the draft which has been prepared: That it will be to the advantage of the Empire if (Imperial) Conferences are held every four (or five) years at which questions of common interest affecting the relations of the Mother Country and His Majesty's Dominions over the seas may be discussed and considered as between the Government of the United Kingdom and the Prime Ministers and Governments of the

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PROPOSED IMPERIAL COUNCIL.
(Chairman.)

" self-governing Colonies. The Secretary of State for the Colonies is " requested to arrange for such Imperial Conferences after communication " with the Prime Ministers of the respective Colonies. In case of any " emergency arising upon which a special Imperial Conference may have " been deemed necessary, the next ordinary conference to be held not sooner " than three years thereafter. That it is desirable to establish a system by " which the several Governments represented shall be kept informed during " the periods between the Conferences in regard to matters which have been " or may be subjects for discussion, by means of a permanent secretarial staff, " charged, under the direction of the Secretary of State for the Colonies, with " the duty of obtaining information for the use of the Conference, of attending " to its resolutions, and of conducting correspondence on matters relating to its " affairs. That upon matters of importance requiring consultation in common " either in this country or in the Colonies between two or more of the " Governments which cannot conveniently be postponed until the next Con- " ference or which involve subjects of a minor character, subsidiary Conferences " should be held between representatives of the Colonies and of the Mother " Country specially chosen for the purpose."

Sir JOSEPH WARD: I assume that in this resolution New Zealand, now known by the term "Colony," will be included in the expression "Dominion," which I think it ought to be.

Mr. DEAKIN: I think it would be advantageous if we could have that in print and commence with it to-morrow morning.

Sir WILFRID LAURIER: I was going to make the very same suggestion—that we should have it in print, so as to have the opportunity of looking into it.

CHAIRMAN: We approach the hour for adjournment, and perhaps Conference would like to adjourn now and consider this resolution to-mor morning.

Mr. F. R. MOOR: Could we have a copy of that resolution befor comes up to-morrow?

Sir JOSEPH WARD: I beg to submit to the Conference the follow resolution: "That this Conference desires to express its regret at the de " of the late Mr. Seddon, and its sense of the loss the Empire has ther " sustained." No words of mine are necessary to commend this resoluti expressive of our regret at the demise of a great Imperial and Colon statesman. I am sure that will be the opinion of us all.

CHAIRMAN: Certainly.

This was carried unanimously.

Adjourned to to-morrow at 11 o'clock.

THIRD DAY.

HELD AT THE COLONIAL OFFICE, DOWNING STREET,
THURSDAY, 18TH APRIL 1907.

PRESENT:

The Right Honourable THE EARL OF ELGIN, K.G., Secretary of State for the Colonies (President).

The Right Honourable Sir WILFRID LAURIER, G.C.M.G., Prime Minister of Canada.

The Honourable Sir F. W. BORDEN, K.C.M.G.. Minister of Militia and Defence (Canada).

The Honourable L. P. BRODEUR, Minister of Marine and Fisheries (Canada).

The Honourable ALFRED DEAKIN, Prime Minister of the Commonwealth of Australia.

The Honourable Sir WILLIAM LYNE, K.C.M.G., Minister of State for Trade and Customs (Australia).

The Honourable Sir JOSEPH WARD, K.C.M.G., Prime Minister of New Zealand.

The Honourable L. S. JAMESON, C.B., Prime Minister of Cape Colony.

The Honourable Dr. SMARTT, Commissioner of Public Works (Cape Colony).

The Honourable F. R. MOOR, Prime Minister of Natal.

General The Honourable LOUIS BOTHA, Prime Minister of the Transvaal.

Mr. WINSTON S. CHURCHILL, M.P., Parliamentary Under-Secretary of State for the Colonies.

Sir FRANCIS HOPWOOD, K.C.M.G., Permanent Under-Secretary of State for the Colonies.

Sir J. L. MACKAY, G.C.M.G., K.C.I.E., on behalf of the India Office.

Mr. H. W. JUST, C.B., C.M.G.,
Mr. G. W. JOHNSON, C.M.G., } *Joint Secretaries.*

Mr. W. A. ROBINSON,
Assistant Secretary.

ALSO PRESENT:

Sir G. S. CLARKE, G.C.M.G., Secretary of the Committee of Imperial Defence.

Captain J. R. CHANCELLOR, D.S.O., R.E., Secretary of the Colonial Defence Committee.

Sir WILLIAM LYNE: May I be allowed to ask a question?

CHAIRMAN: Certainly.

Sir WILLIAM LYNE: Yesterday I tried to listen to the discussion which took place; I could not hear it very well, and I want to know exactly what my position, at any rate, is at the Conference. If it is to sit and listen I might as well be somewhere else. I am sitting a long way away from my Prime Minister and I cannot communicate with him when the discussions are going on; and what I want to know, Sir, is whether it would be out of order if I, or anyone who desired to say a word or two upon any question, were either to ask to be allowed to do so or to do so. There was a matter yesterday which I did not understand was completed until I saw it this morning in reference to the word "Imperial." I wanted to say a word or two about that because I do not agree with it unless the word "Imperial" is explained as to what its intended meaning is. All I want to ask you, Sir, now, is exactly what position I hold at the Conference. I understood we were to be full members of the Conference, but I did not feel I was so yesterday.

CHAIRMAN: I think, Sir William, you were not present when we were discussing this on the former occasion.

Sir WILLIAM LYNE: I was, part of the time.

CHAIRMAN: What I understood—and I speak in the presence of my colleagues—the position to be was this, that in future we would not maintain the absolute rule which was laid down at the last Conference by which the membership of the Conference was confined strictly to the Prime Ministers themselves but that we would admit to the Conference Room freely a Minister belonging to the Governments of the Colonies who accompani their Prime Ministers. They were therefore to come into the room and to entitled to sit at the table, but I also suggested, and I think it was accept by the members of the Conference, that we should continue the practice, th their presence was to assist the Prime Ministers and that, therefore, depended on the subject under discussion which of any number of Ministe in attendance should take part in the particular discussion, and that it shou be an honourable understanding between us that not more than one Minist from each Colony should give assistance to his Prime Minister at one and t same meeting. I think that correctly represents the state of affairs. If the is anything in which I have not correctly represented it perhaps some o will correct me.

Sir WILLIAM LYNE: You will see it is quite impossible for me t confer with my Prime Minister, and, therefore, I cannot be of any assistanc to him.

CHAIRMAN: With regard to places at the table, I am entirely in th hands of the Conference, but as soon as any question came up on which Prime Minister wished to confer with his minister we would place him nex to his Prime Minister. I thought on this occasion as it was a question of the constitution of the Conference itself it would be more convenient that the Prime Ministers should sit near this end of the table, but I am entirely in your hands in that respect.

Sir WILLIAM LYNE: I do not want to seem persistent, but the positio that I feel myself placed in is this: I am present, my mouth is shut. I hav

to take all the responsibilities of what takes place here, and I do not feel at all disposed to do it under those conditions.

Sir WILFRID LAURIER: The position I took up was that the Prime Ministers should be assisted by their colleagues. That was my view from the first, and it is still my view. My view was that any Prime Minister who had the benefit of the presence of his colleagues here in the city, would be very much more satisfied if he had the assistance of those colleagues at the Conference.

Sir WILLIAM LYNE: I cannot hear.

Sir WILFRID LAURIER: I say that the position I, for Canada, took up was that the Prime Ministers should have the privilege of being assisted by heir colleagues, that was my view from the first. I put it to the Conference, but I did not press it to a conclusion as there seemed a difference of opinion prevailing: but so far as I am concerned you are welcome to take part in the proceedings as if you were the Prime Minister himself.

Sir WILLIAM LYNE: My feeling, if I may express it, is that I came from Australia expecting to take part in this Conference to a certain extent. I am here to take all the responsibility which I will have to bear, and the records will show whether I am present or not, but I am not allowed even to say two words, excepting it is a case where I might be asked to come here, and I think it would be better not to take that responsibility unless I can sit close to my Prime Minister, where I should have liked to be yesterday.

Dr. JAMESON: It seems to me, Sir William Lyne, that Lord Elgin has xplained that you have a perfect right, and I understood the Conference to ree that the Prime Ministers would not on any particular occasion be isted by more than one; but it is between the Prime Minister and the league how much the Prime Minister should do, and how much the league. We have admitted that the Prime Minister can have his colleague king upon one motion, so long as it is one only, as much as the Prime nister himself if he likes; so that I think Sir William Lyne is really part the Conference and entitled to speak.

Sir WILLIAM LYNE: I am only a small part. I am not half of myself ite.

Dr. JAMESON: Half of your Prime Minister.

Sir WILFRID LAURIER: All these arrangements are temporary. We re discussing the constitution of the Conference, and that is a thing to be ttled, which is before us yet.

Sir WILLIAM LYNE: I did not want to say much on any but one or wo matters, but at the same time I wanted to know exactly the position I m in because I do not want to get up and say anything and be called to order. I desire to know beforehand whether or not I would be in order if I wanted to interject something or speak. I do not know how to get by my Prime Minister, but if I was able to talk to him at the table it would obviate a very great deal of the objection I have. Sitting so far away from my Prime Minister so that I cannot confer with him places me in a very awkward position, a position I was never placed in before and I am not going to be now.

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Sir WILFRID LAURIER: I do not see any objection to Sir William Lyne sitting next to Mr. Deakin.

[Another member of the Conference was understood to say that both Mr. Deakin and Sir W. Lyne could speak on any one subject.]

Sir WILLIAM LYNE: I do not like to disturb anyone, but I do not wish to have a feeling without expressing it.

FUTURE CONSTITUTION OF THE CONFERENCE.

FUTURE CONSTITUTION OF THE CONFERENCE.

CHAIRMAN: May we proceed? We came yesterday to the point at which a draft resolution was submitted by myself and at the request of the Conference it was circulated for consideration by the Prime Ministers before this meeting. It will be for the Conference to say whether they would desire to consider this in the same form as we did yesterday, that is to say in the form of a general discussion, or whether they would now proceed to deal with it more in detail, that is to say by the paragraphs into which it is divided. I may have myself one or two suggestions to make with regard to the different parts of it and I have no doubt other members will, but I might perhaps be permitted to say this much at the beginning that after the meeting I thought it desirable to inform the Prime Minister as to the views expressed by, I think I may say, all the members of the Conference, that it would be desirable that the Prime Minister of the United Kingdom should be designated a member of the Conference, and I think it may be satisfactory to the Conference to know that my right honourable friend would not raise any objection to that course being taken if the Conference should think fit. If that was done I would venture to suggest—and I think it is better to mention it now, because it carries out the idea—that the wording might be a little altered in order to make that effectiv and perhaps I might read the first paragraph. "That it will be " the advantage of the Empire if Conferences to be called Impe " Conferences are held every four or five years, at which questions " common interest affecting the relations of the Mother Country and " Majesty's Dominions over the seas may be discussed and considered " between His Majesty's Government and the Governments of the s " governing Colonies. The Prime Minister of the United Kingdom will " ex-officio President, and the Prime Ministers of the self-governing Colo " ex-officio members of the Conference. The Secretary of State for " Colonies will be an ex-officio member of the Conference, and will take " chair in the absence of the President, and will arrange for such Impe " Conferences after communication with the Prime Ministers of the respect " Colonies." That would give practical effect to the suggestion.

Sir JOSEPH WARD: Lord Elgin, would there be any objection commence this Resolution by affirming the desirability of establishing permanent Imperial Conference? My own view, looking forward to t work of regular Conferences, is that we should at this Conference give affirmative expression to the establishment of a permanent Imperial Co ference, and if you would agree (it is on the lines really of what is propos in the Resolution) I would suggest that we should commence it by statin that "in the interests of the Empire it is desirable to establish a permane Imperial Conference."

CHAIRMAN: What is the meaning of the word "permanent"?

Sir JOSEPH WARD: The meaning of the word "permanent" is t affirm permanent Conferences at regular periods. There is no constitutio

for a Conference; if it were possible to frame a Constitution by which a Conference could be set up the word "permanent" would be unnecessary as the constitution itself would imply permanency. In the absence of a Constitution I think we ought to affirm permanency or continuity in some way, so that at all events the public could understand that this is intended to be a permanent Imperial Conference. I do not attach very great importance to the actual word "permanent," but I think up till now it has been looked upon as a sort of irregular assemblage of the responsible heads of the Governments of the different parts of the Empire, and in my opinion it is desirable to state that it is a permanent Imperial Conference.

Sir WILFRID LAURIER: Do you not think that is met by the new draft? Would you please read it again, Lord Elgin?

CHAIRMAN: "That it will be to the advantage of the Empire if Conferences, to be called Imperial Conferences, are held every four or five years, at which questions of common interest affecting the relations of the Mother Country and His Majesty's dominions over the seas may be discussed and considered as between His Majesty's Government and the Governments of the self-governing Colonies. The Prime Minister of the United Kingdom will be *ex-officio* President, and the Prime Ministers of the self-governing Colonies *ex-officio* Members of the Conference. The Secretary of State for the Colonies will be an *ex-officio* Member of the Conference, and will take the chair in the absence of the President, and will arrange for such Imperial Conferences after communication with the Prime Ministers of the respective Colonies. In the case of any emergency arising upon which a special Imperial Conference may have been deemed necessary, the next ordinary Conference to be held not sooner than three years thereafter."

Sir JOSEPH WARD: Yes, I think that does carry it out clearly, Sir. That is really a definite proposal to have a permanent series of conferences every four or five years; that resolution, if passed, will, I think, meet the point I have been urging.

Mr. WINSTON CHURCHILL: You cannot have any higher sanction for the Conference than the resolution of the previous Conference.

Sir JOSEPH WARD: That is so; I am perfectly satisfied.

Sir WILFRID LAURIER: I am perfectly satisfied also with the draft as far as it goes, as far as it has been read, that the Conference should meet periodically; but I would like to suggest, on the lines of the suggestion made by Sir William Lyne, that it would be greatly to the advantage of the members of the Conference if they could have the advice of their colleagues. We come here to meet questions of general interest, upon which the Prime Minister is quite able to talk for his Government; but there are of necessity questions of a peculiar character which are better dealt with by the Minister of the particular Department concerned—for instance, questions of war, questions of navigation, and questions of emigration. I feel that upon all these questions it is greatly to my advantage that I have my colleague, who is the Minister of Militia and Defence, and my colleague who is the Minister of Marine and Fisheries. I feel, also, the loss of my colleague, the Minister of Finance. Those gentlemen come for the very purpose, and they can simply, as we have done in the past, talk upon these peculiar subjects in which they are more directly interested. But their position is rather awkward, because they have simply to dance attendance, having nothing to do, although they are qualified to speak more even than I am, and more than my friend, Mr. Deakin, on the questions of their special departments. It is a position

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which is somewhat unsatisfactory to them that in the meantime, as Sir William Lyne pointed out, they have simply to fold their arms and do nothing. Therefore the amendment I would suggest would be that the Conference should be composed, as stated here, of the Prime Ministers, but with the privilege (I do not like this word "Colonies"—the Governments of the Dependencies Beyond the Seas) "to be assisted by a certain number of their "colleagues." say not to exceed three, for instance. I would not like to make the body unwieldy in its number, and I would limit the number to three.

CHAIRMAN: May I make a personal explanation, I did not mean in any way to go back upon what we had settled, and, therefore, the only thing I dealt with here is whether they were *ex-officio* members. When I proposed that it should be "discussed and considered as between His Majesty's "Government and the governments of the self-governing Colonies," I left it entirely open what the representation of the self-governing Colonies as of His Majesty's Government would be.

Sir WILFRID LAURIER: The Conference should be composed *ex-officio* of the Prime Minister of England, the Secretary of State for the Colonies, also *ex-officio*, and then the Prime Ministers of the different self-governing Colonies *ex-officio*, with the further privilege for the local governments to determine the number of representatives they should send here, but I would limit the number so as not to make the Conference unwieldy. If there were five, or six, or seven from each government, there would be too large a party to sit at this Board, but if you were to limit it to a certain number, I would suggest three, subject to amendment, and I think that would obviate the difficulty which Sir William Lyne has indicated.

Dr. JAMESON: And that these Ministers should be actual members of the Conference?

Sir WILFRID LAURIER: Yes.

General BOTHA: With the right of voting?

Sir WILFRID LAURIER: No; I would only give one vote for one government, but give the right to participate in all discussions.

Mr. DEAKIN: That differs from the arrangement adopted on the last day—I forget on whose proposition—that Ministers should be always heard on questions affecting their Departments and at other times, but not more than two in any debate.

Sir WILFRID LAURIER: I do not mean it for this Conference, Mr. Deakin, we are settling now the Conference not for this time, but for the future. We have made special arrangements for the present case, and this proposal is not to come into force now. This is what I would suggest for the future.

Mr. DEAKIN: I understand; you propose a different procedure.

Sir WILFRID LAURIER: Lord Elgin proposes: "That it will be "to the advantage of the Empire if conferences to be called Imperial "Conferences are held every four or five years" (for my part I think five years a very good period) "at which questions of common interests "affecting the relations of the Mother Country and His Majesty's dominions "over the seas may be discussed and considered as between His Majesty's

"Government" (I like this expression) "and the governments of the self-"governing Colonies. The Prime Minister of the United Kingdom will "be ex-officio President," and I would suggest, not with a view to framing the resolution to-day, for consideration the point which we have pressed on the Colonial Office, but which they could not accede to at this Conference, so as to obviate the difficulty put before us in a very strong way by Sir William Lyne. I feel, and Mr. Deakin must feel also, the advantage of having the benefit of colleagues here who are to discuss the questions affecting navigation and affecting war. I miss, as I said before, the presence of my colleague the Minister of Finance, but I do not like to bring these colleagues of mine to London simply to be silent and to speak when called upon.

Dr. JAMESON: I think Mr. Deakin is not quite correct in saying that we consented at this Conference that colleagues should only deal with matters affecting their own Departments.

Mr. DEAKIN: That is subject to what Lord Elgin has already said. Lord Elgin has already pointed out that any one Minister can speak with his chief.

Dr. JAMESON: That would limit it very much as we might want to bring in the Minister of Defence. I have not been able to bring the Minister of Defence and I have brought the one who knows most about matters outside that Department.

CHAIRMAN: For the advice which the Prime Minister wishes he must make the selection.

Sir JOSEPH WARD: Lord Elgin, I should like to say that personally I am desirous of seeing this Conference reasonably widened, but I think we want to look at the matter dispassionately and to approach this subject a little more cautiously. Taking the proposal of Sir Wilfrid Laurier, whose Ministers I think ought to be here and upon matters appertaining to their Departments should take the place of the Prime Minister in discussing them, that I agree with entirely; but if we are to have the principle established of up to three Ministers coming from the self-governing Colonies, each taking part in all debates, then obviously you place the far distant countries at a complete disadvantage. In the case of New Zealand it would be impossible for three responsible Ministers to leave our country for the time we have to in order to attend this Conference; and if we want to have anything like uniformity of procedure, then I think the original idea suggested as the outcome of the former discussion that the colleagues of the Prime Minister who are here should undeniably have the right to take part in discussing all matters affecting their respective Departments, is the right one; but personally, I would ask for very careful consideration before we affirm the general principle for the future government of the Conferences of having up to three Ministers coming here and taking part in all discussions.

Dr. JAMESON: But not in voting; it is one vote. We want the best information we can get from any minister.

Sir JOSEPH WARD: Yes, I concur that one vote is right, but I can only say that in the case of New Zealand—and I am quite prepared to subordinate my own views upon this matter to the general interests of the Conference—undeniably we would be here with in all probability one representative at the future Conferences and that one representative would

have to do the best he could with the difficult and intricate matters affecting the various Departments that his different ministers control.

Sir WILFRID LAURIER: I see the force of what you say and I realise, that in this respect, Canada has an advantage over all the other Colonies; we are so near England; we are next neighbours while you are far away, and I see the force of your objection. I put it before the Conference for reflection; I do not want to have it disposed of to-day. These are matters upon which I do not want to put anybody to inconvenience. I have put the matter before the Conference and I would like you to think it over and perhaps we can take it up at a later stage.

Sir JOSEPH WARD: I quite agree.

Mr. WINSTON CHURCHILL: It does not affect the substantive part of the Resolution.

Sir WILFRID LAURIER: Not at all. The new draft proposed by Lord Elgin, so far as this part of the subject goes, satifies me completely. It meets, I think, to a large extent, the views of Mr. Deakin also.

Mr. DEAKIN: Yes.

CHAIRMAN: Then we might pass it on the understanding that with regard to the position and number of members outside the Prime Ministers we reserve that point for later definition. I should wish just to say, as I think I said before, that as far as His Majesty's Government is concerned, we are delighted to see the Ministers from the different Colonies and to have the advantage of the knowledge which they bring, but I did feel the point which Sir Joseph Ward has put, although I did not think it was for me to raise it; I felt that it probably would be raised and that is one of the reasons why I did not attempt to deal with it in this draft.

Dr. JAMESON: Before we pass it, should we not define the number of years; this four or five seems rather loose.

Sir WILFRID LAURIER: This is only tentative, but since Dr. Jameson has brought that point forward it has seemed to me that even five years is a very short period. You cannot meet here except at great inconvenience to some of us, and it is difficult to find a date, but if the Conference think differently then let the word stand. I suggested myself six years at the last Conference.

CHAIRMAN: Three was also suggested, and four was taken as a compromise.

Sir WILFRID LAURIER: Exactly.

CHAIRMAN: I understood one objection to the three or six, is that it might interfere with the elections in certain cases; there are triennial Parliaments as was mentioned by Mr. Seddon.

Sir JOSEPH WARD: Ours is triennial.

CHAIRMAN: Therefore taking it by threes might interfere with the elections and be an inconvenience.

Sir WILFRID LAURIER: Ours is five.

Sir JOSEPH WARD: The world is moving very rapidly and I think five years would be a sufficient distance between the Conferences; but I agree with Dr. Jameson that it ought to be defined.

CHAIRMAN: Yes, that is only put in brackets, and you will observe that in case of emergency and a special Imperial Conference special arrangements would be made.

Dr. JAMESON: Cannot we propose it as five years now?

Sir JOSEPH WARD: I would not offer any serious objection to five years.

Mr. DEAKIN: I beg pardon, surely four years is quite long enough? It depends, of course, upon and is governed by several considerations, among them the duration of Parliaments. In New Zealand and Australia, the duration of Parliament is three years; that practically means in each case that either a different Administration or an Administration that has appealed again to the people and received their confidence would be present. This period, so far as we are concerned, appears to meet the necessities of the case. I am far from saying that this ought to govern the period, but approach the question from that individual experience with the idea that the meetings of this Conference ought to be rather fixed at their minimum. If circumstances arise, as they did in regard to this present meeting, which make the term five years instead of four, that is a matter for the members of the proposed Conference, and it can be so resolved, but I venture to suggest that four years is quite a long enough time to permit, and indeed to call for a review of previous determinations, if they can be dignified by the use of that rather strong word.

A further question will arise presently with reference to the bridging of the interval between Conference and Conference. Obviously, the greater the interval the greater the difficulty of bridging it and the greater the strain. It may be that if these gatherings become regular in the future, if they are efficiently connected one with another, the question of the time, as it would be perfectly open to re-consideration at any moment, might come up again, but for us at this stage, with the Conferences in their present rudimentary position, with their uncertain influence, and with the many new factors which may require to be taken into account, it appears to me that four years is rather a longer than a shorter period than would be desirable. I believe, Sir Wilfrid, you have quinquennial Parliaments.

Sir WILFRID LAURIER: Yes.

Mr. DEAKIN: I can quite understand that under those circumstances the longer period would harmonise with your circumstances, but, in spite of the great burden which attendance here imposes upon those who may happen to be in office at the time, I am inclined to think that four years leaves quite long enough a gap, and that, save under special circumstances, that would be the regular time of meeting. I would rather make it less than more, but certainly, so far as I am individually advised, not more than four years.

Sir JOSEPH WARD: What was the resolution passed at the former Conference?

CHAIRMAN: Four years; it was a compromise.

Sir WILFRID LAURIER: So far as I am concerned, the point is not worth pressing.

CHAIRMAN: As far as His Majesty's Government are concerned, they are only too pleased to see you at any time, and what weighed with us was really the question of the great inconvenience to those who have to come.

Mr. DEAKIN: It is a great inconvenience, but it has to be faced.

CHAIRMAN: What do you say, Dr. Jameson?

Dr. JAMESON: I am in favour of the shorter period; I agree with Mr. Deakin about that.

Mr. F. R. MOOR: It has been aptly put, Sir, that we are here to plant a seed which may develop into a tree hereafter, and I think the more closely that tree is being watched and matured the better, and I vote for the shorter period. In process of time we may find, as the world is developing so rapidly, that four years is quite a long enough time to elapse before calling together again such a Conference as this. I therefore vote for the shorter period.

General BOTHA: I have no serious objection against the shorter period of four years, although personally I think five years would suit me very much better.

Sir WILFRID LAURIER: You will find in practice great inconvenience, but I do not care about it; the point is not worth pressing.

Mr. DEAKIN: The inconvenience is in a greater degree ours.

CHAIRMAN: Then shall we keep it four?

Sir JOSEPH WARD: Yes; in deference to the expressions of opinion from the different members that I have heard I concur.

CHAIRMAN: Four years. We are now in a position to pass on to the next point.

Mr. DEAKIN: "Questions of common interest," is perhaps as wide a phrase as it is desirable to employ, because after all there is no such strict restriction of common interest as to imply that each must necessarily affect the interest of all. I merely mention this in passing, but the idea with which we used this phrase was that any question which touches the interests of more than one of the dominions beyond the seas is a matter of common interest and, further, that any matter which affects even one of those dominions at a time, if it involves a principle capable of application to other dominions is also a matter of common interest. I assume, Sir, that you will take that broad reading.

CHAIRMAN: I, certainly, myself, should not put a restrictive construction upon it to limit the force of the expression.

Dr. JAMESON: Referring to the words after "common interest"— "affecting the relations of the Mother Country and His Majesty's "dominions over the seas," are those left out?

CHAIRMAN: No. "That it will be to the advantage of the Empire if "Conferences, to be called Imperial Conferences, are held every four years, at "which questions of common interest affecting the relations of the Mother "Country and His Majesty's dominions over the seas may be discussed and "considered."

Dr. JAMESON: That is the point, Lord Elgin. Is it necessary to limit it by saying "affecting the relations"? It goes without saying, of course, that anything that happens to the Mother Country is of interest to every individual nation over the seas. Why put in that limiting paragraph there?

Mr. DEAKIN: Do you propose to leave down to "the Mother "Country"?

Dr. JAMESON: I should leave it out altogether, and say, "Questions of "common interest may be discussed and considered as between."

CHAIRMAN: It was taken from the old resolution; that is how it comes in.

Dr. JAMESON: I think the whole resolution might be improved upon.

Mr. DEAKIN: Certainly it is of advantage to shorten the resolution; that is one advantage.

Sir WILFRID LAURIER: What would be your draft, Dr. Jameson?

Dr. JAMESON: It would be, "four years, at which questions of common "interest may be discussed and considered as between the Government of "the United Kingdom and the Governments," and so forth.

Mr. WINSTON CHURCHILL: Deleting the intermediate words?

Dr. JAMESON: Yes; they are superfluous.

Sir WILFRID LAURIER: I do not see that there is any difference. It is better phrasing, that is all—less words.

Dr. JAMESON: Yes, less words. I am always for the idea of limitation.

CHAIRMAN: "At which questions of common interest may be discussed "and considered as between His Majesty's Government," and so on; that is agreed to. The second sentence begins: "The Prime Minister of the United "Kingdom will be *ex officio* President, and the Prime Ministers of the self-"governing Colonies *ex officio* members of the Conference." The third sentence is: "The Secretary of State for the Colonies will be an *ex officio* "member of the Conference, and will take the chair in the absence of the "President."

Mr. DEAKIN: I do not wish to take any objection to the proposal that the Secretary of State for the Colonies should take the chair in the absence

of the President, except again to repeat the suggestion made yesterday that this, instead of being an absolutely iron rule, might perhaps be expressed less conclusively in order that at certain sittings where it might be thought appropriate, the senior Prime Minister from one of theDominions over the seas might have the compliment of presiding. I do not mean merely as a formal compliment, but as carrying out the principle which has been so gracefully accepted by the Prime Minister and the present Chairman of this Conference. Put in this form I take no exception to it, except that it appears to preclude the possibility of any other presidency than that of either the Prime Minister of Great Britain, who certainly when present could not give place to anyone, or his colleague, the Secretary of State for the Colonies, who is certainly on the great bulk of the questions that will come before such a Conference the proper person to appear as his representative; but need it be framed so precisely? Can we not put it in some slightly laxer form which would permit of the Senior Prime Minister present being, if it were thought fit or desirable, asked to occupy the chair by way of illustrating the fact that this was a meeting, as has been expressed here, between governments. I do not attach fundamental importance to it.

CHAIRMAN: May I say I have very carefully considered Mr. Deakin's suggestion since he made it. I can only say for myself that nothing would be more agreeable to me than to serve under the presidency of the present senior member of the Conference, but I regard this simply as a matter of convenience. It is quite common in all arrangements of life to have two officers, one a President and another a Chairman, and I have specially avoided the use of the word "Presidency" in this case, and said "take the chair" rather to put the Secretary of State in the position of the second officer of the Conference, and for this reason I should be delighted to sit under the presidency of my friend on the right; but this is a question really of the man who is to carry on the work; he must make the whole arrangements for the Conference, and the thing runs on that he shall do so, and I think, really, as a matter of business arrangement, it is the most convenient thing that he should be in the chair.

Mr. DEAKIN: I do not suggest otherwise.

CHAIRMAN: I do not in the least shut out the possibility. At the last Conference, Mr. Chamberlain, for instance, was prevented by an accident from presiding, and if such a thing happened to me to-morrow I think it would be for the Conference to select their own Chairman.

Mr. DEAKIN: That is sufficient; what I had in my mind was that there might be an occasion on which the Prime Minister was necessarily occupied elsewhere; the Secretary of State for the Colonies might be called for if he were a member of the active House to leave the Conference. Under those circumstances I now understand that by this phrase you leave it open.

CHAIRMAN: It may be left, as far as I am concerned, for the next Conference to decide.

Mr. DEAKIN: There might be either no member of the British Government present, or simply the representative of some Department, whose subject was under discussion. What I wish to provide against in the most considerate fashion is, that it should be implied from any statement to which

we commit ourselves that the Chairman must be any member of the British Government, and cannot be the senior Prime Minister.

CHAIRMAN: I do not wish to put that absolutely, but at the same time I must repeat my conviction that a member of the British Government would be the most convenient man to choose.

Sir WILFRID LAURIER: For my part, I must say that, according to the fitness of things, and according to what is accepted now, that this is a Conference between Government and Governments; the Chairman should be a member of the British Government.

CHAIRMAN: I suppose this discussion will be sufficient for your purpose, Mr. Deakin?

Mr. DEAKIN: It is sufficient.

CHAIRMAN: Have we finished with the third sentence?

Mr. DEAKIN: Would you mind taking that now?

CHAIRMAN: "The Secretary of State for the Colonies will be an "ex-officio member of the Conference, and will take the chair in the absence "of the President, and will arrange for such Imperial Conferences after "communication with the Prime Ministers of the respective Colonies."

Mr. DEAKIN: "Arrange" means arrange as to precise date, arrange as to agenda, arrange as to anything that may be necessary.

CHAIRMAN: Yes.

Sir JOSEPH WARD: Upon that, I assume, Lord Elgin, that in arranging the agenda a similar procedure to that followed on this occasion would be carried out?

CHAIRMAN: Yes, I think so, unless the Conference suggest anything else.

Sir JOSEPH WARD: That is all. I want to see the present method followed, because we may have some suggestions to send for the agenda.

CHAIRMAN: Certainly. "In case of any emergency arising upon "which a special Imperial Conference may have been deemed necessary, "the next ordinary Conference to be held not sooner than three years "thereafter."

Mr. DEAKIN: Is this necessary at all? You have fixed the period of meeting as every four years.

CHAIRMAN: It is in the old resolution.

Mr. DEAKIN: I believe it is, but, having fixed a definite period of four years, which, of course, is subject to some variation if necessity arises, supposing a special Conference to be convened, is it not for that

Conference to consider in the first place and afterwards for the Secretary of State to arrange with the Dominions over the Seas for the date of the next meeting. What have we to do with three years or two years, or any fixed period now? How can we judge now?

Dr. JAMESON: I think it is useless; I do not think it matters very much, because if a special Conference was summoned that Conference would decide whether it was necessary to meet again within six months or four years.

Mr. DEAKIN: I do not think we gain anything by it; it is simpler without it.

CHAIRMAN: That these words be omitted. (*Carried.*) That disposes of the first paragraph, and we proceed now to the second paragraph: "That "it is desirable to establish a system by which the several Governments "represented shall be kept informed during the periods between the "Conferences in regard to matters which have been or may be subjects for "discussion by means of a permanent secretarial staff charged under the "direction of the Secretary of State for the Colonies with the duty of "obtaining information for the use of the Conference, of attending to its "resolutions and of conducting correspondence on matters relating to its "affairs."

Mr. DEAKIN: As to the word "system"—"it is desirable to establish "a system by which the several Governments represented shall be kept "informed"—is that intended to cover all that follows, or does that imply something more than the secretariat?

CHAIRMAN: I think we took it from the Australian resolution; took as much as we could.

Mr. DEAKIN: Yes, but it has possibly a different complexion. I do not know that I can suggest any amendment. You have take proposal that it is a system and you attach it then to the next sen "by means of a permanent secretarial staff."

CHAIRMAN: Yes.

Mr. DEAKIN: I do not know that this qualifies it.

CHAIRMAN: You want to make it a system?

Mr. DEAKIN: Yes. The system is further defined in the conclu portion of the sentence, "obtaining information, attending to resolutions, conducting correspondence."

CHAIRMAN: That is also taken from the Australian resolution?

Mr. DEAKIN: Yes.

CHAIRMAN: I so entirely agreed with it that I wished to follow it.

Mr. DEAKIN: I am looking at these words in their present associa in order to endeavour to satisfy my mind as well as I can at the first h

perusal whether there are any limitations implied in this connection, and I must say I am unable to discover them. The one addition which is made here is, of course, of the first importance. This is to be done by means of a permanent secretarial staff under the direction of the Secretary of State for the Colonies. That means, I assume, that the secretarial staff is to be part of the Colonial Office.

CHAIRMAN: Yes.

Mr. DEAKIN: I do not know in what sense it will be separated, if separated at all, or distinguished, if distinguished at all, from what may be termed the general staff of the Colonial Office, but I hope I shall not be considered to be unduly pressing the point if I refer once more to the fact that in this great department the gigantic interests with which its Minister and officers are charged in connection with those dependencies to which allusion was made yesterday, great in extent and dense in population, impose upon them serious and incessant responsibilities. To that I have already alluded in brief, and have no wish to repeat myself, but in addition this department is associated with methods of government, of administration, of relation to legislative councils and similar bodies, partially representative, or in some cases, wholly representative, but which are always merely advisory, I think, in the case of Crown Colonies.

CHAIRMAN: Not entirely advisory; they have powers of legislation.

Mr. DEAKIN: Yes; but that power of legislation is always subject to a veto and general control of a very complete character. Speaking in a familiar way, therefore, the whole tendency of the whole of this department, and of its officers, is to become imbued, both consciously and unconsciously, with principles of government properly applicable to the great countries with which they are dealing day by day and hour by hour, but which are very foreign, and in some cases almost antagonistic, to the principles on which the affairs of self-governing Colonies are conducted, and must be conducted. It promotes a certain strangeness in the manner of address occasionally adopted in the arguments suggested to us and the propositions for their handling, which would not be made by those who were continually associated with the methods of making law and administering law in self-governing countries. We have always felt that we labour under a disadvantage, which we are quite justified in mentioning, but of which we can scarcely complain, because it arises so naturally and inevitably that those most subject to it are very often those who are least conscious of it. One requires to move in a different constitutional atmosphere, to cope with public business in free legislatures, and to view questions from their standpoint, in order to appreciate a contrast which is continually being brought home to us. The object I had in venturing the suggestion was that it might be of advantage to the Colonial Office with its ever-growing responsibilities and certainly would be of advantage to us to have the secretariat under this Conference and working in direct relation to it, separated from those Crown Colony associations which I have described and connected directly with some member of the British Government. We look first, of course, to the Prime Minister, who himself is constantly dealing with his own Parliament, with his own Chambers of legislature and through them with the electors whom he represents and whose wishes he is able to interpret by that experience. He is already head of the Committee of Imperial Defence and not his colleague the Secretary of State for War. We, of course, are aware that in the Minister who occupies the high office

of Minister of State for the Colonies we may obtain whether in one Chamber or the other, such a statesman, but even he, the longer his stay in the office may be, is more and more likely to be impregnated with the same methods and the same associations. I do not wish to labour the point or unduly elaborate it, but ventured to put it yesterday that it would be no loss to the Colonial Office in one sense to part with the self-governing communities whose major communications of a constitutional and important character are few, and the great bulk of whose correspondence and despatches relate to matters of administration that need never come under the purview of the Minister himself. In their great issues they do feel that the efficiency of the Governments they are called upon to undertake would be assisted by a more sympathetic understanding both of the difficulties by which they are confronted, and the means which they must adopt in order to cope with them, I believe it would be of advantage to us, and no derogation from an office of this magnitude if it were to part with us. This it can afford to do and yet retain a great part of the earth's surface and a great portion of its population under its control. Any proposal, therefore, which keeps this secretariat associated with the Colonial Office will always be liable at all events to the imputation, and will probably continue to furnish some evidence from time to time of the fact that there are grounds for that imputation, that it will not approach us as we would approach each other in matters of that kind. If Canada and Australia, or Australia and South Africa were exchanging communications their attitude would be different from that often adopted by this Office, but ours would be the same attitude in each case, because no matter how far apart we are, or our objects or circumstances, our ends are always sought subject to the same considerations and in much the sa manner. I do not wish to labour this, but assert that if you wish to give greatest confidence to this new secretariat, if you really wish to give it a hand and an opportunity of justifying itself—if you wish to dissoci from the prejudice or prepossession, which now exists, if you wish to established in complete consonance with the principle laid down of g ments consulting governments, I think it would be a distinct advant have it from the outset severed from this Department or any other depa of the kind. Only in its own atmosphere and in suitable surrounding if possible under the Prime Minister of Great Britain, can it fu important functions it will be called upon to discharge. I ask par detaining the Conference so long.

Sir WILFRID LAURIER: I certainly prefer this draft to any othe has yet been offered to the Conference, but I must say, I would not l express a definite opinion at this moment. It was understood yesterday this draft was proposed that we should receive it last night, but I d receive it until 10 o'clock this morning, and did not read it until I ca this Office.

CHAIRMAN: It was sent to you yesterday at 3 o'clock.

Sir WILFRID LAURIER: Possibly, but I did not get it unt morning.

CHAIRMAN: I am in the hands of the Conference, if they w consider it further.

Sir JOSEPH WARD: I would like to say, Lord Elgin, that I would not for a moment presume to put my oar in and say h

should be arranged for internally in the Colonial Office, there should certainly be a division of administration. If the self-governing Colonies were separated from the Crown Colonies to a very large extent the desires of the country I represent would be met. The matter is one for internal reform or alteration of the methods carried out in the home Office. As I said, I will not presume to suggest how that should be done. I think the whole point might be met in this way. I recognise that the Colonial Office in connection with the work of this important Colonial Conference, would require to have a very great deal of control between the meetings of the Conferences. I would suggest, however, in order to try and arrive at the point Mr. Deakin is alluding to, that a portion of this motion be altered. Instead of tying it down by resolution as to under whose direction it should be, strike out the words " under the direction of the Secretary of State for the Colonies," and let it stand: " by means of a permanent " secretarial staff charged with the duty of obtaining information for the " use of the Conference." Then I take it that after the conclusion of this Conference the Colonial Office might see its way to separate the administration of the Crown Colonies and the self-governing Colonies; and whoever is charged with the duty of the secretarial work would be under the control of a responsible Minister, say the Secretary of State for the Colonies. For my part I think the point referred to by Mr. Deakin would in this way be met. There is a natural desire on the part of the Governments of the self-governing Colonies to have what one may term, a more distinct recognition of what we are trying to carry on in our respective spheres. To a very large extent what I want would be met if we were to get out of the position of the self-governing countries of being regarded as on a par with the Crown Colonies. I am not saying a word in derogation of the great Crown Colonies—very far from it; they may become as great or greater than the countries we are referring to at the moment. It has application to self-governing Colonies generally. I want to impress upon the members of the Conference that I feel this would be an improvement upon the [redacted]*sent system. We might perhaps arrive at a decision on this important* [redacted]*er, so that we might go on to some of the other practical matters we* [redacted]*still to discuss. I merely offer that suggestion with a view to leaving* [redacted]*method of appointing a permanent secretary open, and the matter* [redacted]*l then be under the control of the Secretary of State for the Colonies, to* [redacted]*hat he thought proper after this Conference adjourns.*

[redacted]Sir WILFRID LAURIER: May I ask you to suggest how that [redacted]oves it?

Sir JOSEPH WARD: I do not suggest that it improves it. I want to [redacted] it open.

Mr. DEAKIN: At all events, if you take out the words " under the [redacted]rection of the Secretary of State for the Colonies," you postpone the [redacted]tion for the time being.

Sir JOSEPH WARD: It would be then " by means of a permanent [redacted]cretarial staff charged with the duty of obtaining information for the use [redacted] the Conference "?

Mr. DEAKIN: Yes.

Third Day.
18 April 1907.

FUTURE CONSTITUTION OF THE CONFERENCE.

Sir JOSEPH WARD: What I say is, supposing the Secretary of State for the Colonies (I am speaking in quite an impersonal sense) and the Prime Minister of England after we adjourn decide amongst themselves who was to be the Secretary, who was to compose the secretarial staff, what office he is to be in, that is a matter for the control of the Imperial Government. I leave it an open question; I do not say it should be deferred because the secretarial staff is essential to connect these Conferences after we adjourn; but I wish to leave it an open question so that the Prime Minister and the Secretary of State for the Colonies may, as they think proper, select the staff for the purpose of carrying on the business; in other words, I think it is all important in a matter of the kind that there should be unanimity upon a decision of this character and if we could get it at present I think that it is a desirable thing to do.

Dr. JAMESON: Lord Elgin, I quite agree with what Sir Joseph Ward has said that this sentence ought to be left out: "under the direction of the Secretary of State for the Colonies," not with the purpose of leaving it an open question how the secretariat is to be formed, but with a view to forming the secretariat on a perfectly different basis. I am in absolute sympathy with what Mr. Deakin has said on this subject. I think he used the words: "I "look upon this secretariat as machinery really to make the Conference "itself more efficient besides the linking up between the two Conferences," and Mr. Deakin said he felt that if it was under the Colonial Office, perhaps they would not get those preparations for the Conferences done in such a sympathetic manner. I think he meant really in an "informed" rather more than in a sympathetic manner; "informed" would be the better word to be used. In the country we come from, I think my colleagues will bear me out, that we have unfortunately been under the eye of the public for some years and what we find is—I am not talking now really of Government Departments, but of the public—that the difference between the opinion of the man who goes out to a Colony on Colonial matters after he has had the local colour and lived amongst them, and the opinion—and the acts, for that matte of the man who has been at home here and never visited the Colonie enormous; and, therefore, in the preparation of the material for the discus at these Conferences we think we want somebody who is conversant with Colony and with the affairs of the Colony, and that is the reason of our orig proposal that the secretariat should be composed of people, at all ev approved, if not appointed, by the several Colonies and, of course, by the Un Kingdom. Of course, whoever was appointed by the United Kingdom w only, as in the Conference itself, take the position of the Chairman, if wan of the local management of it, but what we feel is that that secretarial s should consist of people conversant with our affairs, appointed by the Colo and paid for by the Colonies themselves so that they feel practically it is th own official at work at home. So that I would support what Sir Jos Ward says, that after the words "secretarial staff charged" the wo "under the direction of the Secretary of State for the Colonies" should left out. Then it would read "charged with the duty of obtaining informat for the use of the Conference." Then I hope we would go into the constitut of that secretarial staff on the lines I have sketched out.

Sir WILFRID LAURIER: Do I understand you to mean that secretarial staff or secretariat should not be under direct ministe responsibility here?

Dr. JAMESON: It should be, as Mr. Deakin suggested, under Prime Minister. He, being ex officio the President of the Conference, wo

be ex officio in charge of it also, as representing the Conference. That would be my view.

Sir WILFRID LAURIER: That does not answer my question. Do I understand that this body should not be under direct ministerial responsibility? In this draft resolution it is proposed that this staff should be under the direct ministerial responsibility of the Secretary of State for the Colonies.

Dr. JAMESON: It certainly should be under the direct responsibility of the Conference.

Sir WILFRID LAURIER: I differ *in toto* from you. I think any staff of that kind must be under the direct responsibility of a Minister. This is a conference between governments and governments, and here, if you have a body which is under the responsibility of no one, neither the British Government nor the other governments interested, the Colonial Governments, you create a state within a state.

Dr. JAMESON: I really must say I do not follow you. It is certainly under the responsibility of all the Prime Ministers of the Empire.

Sir WILFRID LAURIER: How will they control it when you are in South Africa, and I am in Canada?

Dr. JAMESON: That has to be gone into; but, as a matter of fact, on the spot here it would be controlled by the Prime Minister here as representing all the Prime Ministers of the Empire. As to details, all the Prime Ministers of the Empire would be in communication.

Sir WILFRID LAURIER: So long as we are in England it is all right, but if you have a secretarial staff which remains here when you, I, and everybody else goes back to his own country, who is to control and direct that body in the meantime?

Dr. JAMESON: For the third time I answer, the Prime Minister of England.

Sir WILFRID LAURIER: If you say it is to be under the direct control of the Prime Minister here, I can understand it. Then it is under the direct responsiblity of the Prime Minister of England, who is to direct it.

Dr. JAMESON: I say he is to direct it.

Sir WILFRID LAURIER: That is a matter for debate.

Dr. JAMESON: The other point you asked me about was whether it should be under, or away from, the Secretary of State for the Colonies, but I say "no," not under the Secretary of State, but the Prime Minister of England as representing all the Prime Ministers.

Sir WILFRID LAURIER: I understood from the moment it was placed before us by the despatch of Mr. Lyttelton, that the staff was to be an independent body here, and under nobody's control, to represent nominally the Colonial Governments, but practically to be so far away from them as to be virtually independent of that control. Lord Elgin proposes that it should

be under direct Ministerial responsibility of the Secretary of State for the Colonies. That is a very intelligible position. If you say under the direct responsibility of the Prime Minister, that is equally intelligible.

Mr. WINSTON CHURCHILL: May I say that it seems both Dr. Jameson and Sir Wilfrid Laurier are agreed on the point that any secretariat established in this country between Conference and Conference should be under the authority of a responsible Minister of the British Government.

Sir WILFRID LAURIER: That is my view.

Dr. JAMESON: Yes, the Prime Minister.

Mr. WINSTON CHURCHILL: The only question for the moment in doubt is whether it should be the Prime Minister or the Secretary of State for the Colonies.

Dr. JAMESON: May I add, again, in connection with the secretariat, that it is the servant of this Conference, and should be under the control of the Prime Minister in his capacity as President of the Conference.

CHAIRMAN: I have consulted the Prime Minister, and the Prime Minister authorises me to say he does not see his way to agree to that arrangement.

Mr. WINSTON CHURCHILL: From the point of view of the inner working of the office, there would be an almost insuperable difficulty in the classification of the different States and Dependencies of the Empire exclusively according to status. There must be a geographical classification as well, and it would involve a great duplication of machinery if sep machinery altogether were to be set up in the desire to place the secret entirely under the control of the Prime Minister.

Mr. DEAKIN: Duplication of interests I can quite understand. Churchill's point is incontestable on that, since, supposing Austra communicating, no doubt questions affecting the Pacific would be r perhaps touching Fiji, which is a Crown Colony. In the same way Sir Wilfrid Laurier's Government is concerned, there would be many pro relating to the West Indies, which he would probably consider the int of Canada required should be very carefully considered. But the inte overlapping in that way would not, I think, really complicate or duplicat work to any extent worth speaking of, because whatever questions are forward would be as to the effect upon the self-governing Colonies of a which is taken in their neighbourhood, whether in regard to Crown Col or in regard to countries which are not Crown Colonies—perhaps coun under foreign flags, or under no flag. I do not see that there would be duplication of work, though I fully admit the duplication of interests.

Mr. F. R. MOOR: I have nothing to say, except that I take it tha concluding portion of this paragraph is sufficiently wide to cover information that may be of interest to all the various Colonies concerned that this information will be continuously supplied to these different cou in order that interests may be constantly kept alive in the various indus that we are all concerned in. For instance, it would cover all ma concerning commerce, shipping, and the various other large concerns

obtain throughout the Empire. If there is a continuous stream of information flowing from this centre to these different Colonies, and always available not only by the Governments of these different Colonies, but by their Parliaments, I can see considerable use for such a department as we are here trying to establish. Also I would like to know whether it would be possible under this clause for any Colony having a particular interest at stake, and wishing to bring it prominently to the notice of the Colonial Governments and the Home Government, to be directly represented on its staff by any nominee for the purpose of laying their case before the secretariat.

General BOTHA: I have no particular objection to the article as it stands. I think the link between the Conference and our Agents-General should be strengthened and drawn closer, because these Agents-General really represent us here. They are sent over from our Colonies, and, in my opinion, it would seem that they are somewhat left out in the cold according to the wording of this resolution. It occurred to me whether it was not advisable to insert after the words "Secretary of State for the Colonies" the following: "acting in consultation with the Agents-general representing the Colonial "Governments."

CHAIRMAN: There are two sides to this question, I think; one the general proposition, and the other the actual method of working it out. With regard to the general proposition, my proposal takes a step in advance of what has hitherto prevailed, in providing a link between Conference and Conference. We accept that proposition which has been put forward with some persistence, if I may use the word, and has been strongly advocated, more strongly advocated, in some quarters than in others. We accept the principle, and must accept the principle, as I said in my speech yesterday, under the condition of Ministerial responsibility, on which Sir Wilfrid Laurier has insisted. Therefore it comes to this, that following his servations, in which I entirely agree, that Ministerial responsibility must vested in the Imperial Government, because the representatives of the lonial Governments cannot be in this place. Therefore it is for His jesty's Government to determine how they can implement the desire of Conference, and secure the necessary ministerial responsibility on which institution of this link depends. I think that there will really be no erence of opinion on that statement of the case.

Now I put it to the Conference as almost a truism that each govern- must really be left to decide in what way it is most convenient to divide the business which is to be put upon it. It is difficult enough his country, and I daresay you find it difficult enough in your own ntries, to divide the business of the Government between the different isters; to provide for the necessary and not unnecessary number of mbers composing the Cabinet, and various things of that kind. Therefore enture to put it very respectfully to this Conference that they should not ter into the question of how in the opinion of His Majesty's Government ministerial responsibility is to be put into operation. That is a matter ich His Majesty's Government must determine. If you accept our position that we should with ministerial responsibility provide the link ich you desire, and which we think you reasonably desire, between Con- ence and Conference, you should allow us a free hand in other respects. ll, in consequence of what was said at yesterday's meeting, I did, as I say, orm the Prime Minister of the expression of views which Mr. Deakin and ers made, and I am to say for him that he does not see how the Prime nister of this country could undertake the direction of the secretariat which is proposed to set up. On the other hand, the proposition which I put ward I put forward on my own responsibility as Secretary of State

for the Colonies, but with the assent of my colleagues, and I hope therefore that the Conference will give it at least as favourable consideration as possible. I do not propose nothing. I propose to do as much as I possibly can to meet the desire. It is quite true that this Office has grown considerably, and that the section of it which deals with responsible governments has not as yet been so clearly differentiated and defined as it may quite naturally seem reasonable now that it should be, but which everybody will understand was not at least as necessary in days gone by. I take considerable responsibility upon myself, but I am prepared to say that we will endeavour, I think we shall succeed, to so separate the departments of this Office that you will have in the office in the form which we shall present it to you, a distinct division dealing with the affairs of the responsibly governed Colonies. I will not say it will be exactly apart, because there is, and must be, at the head, at any rate, a connecting link between the several parts of any office, but there will be one division which you will feel will be concerned with the business of all the self-governing Colonies, and not directly with that of the Crown Colonies. That is what I aim at. Whether I can carry it out to-day or to-morrow, or at what particular time, I cannot promise. But if I can get any suggestions from any of the Prime Ministers here, with regard to any particular arrangements which could be made still further to meet their convenience we shall endeavour to carry them out.

I should just like—and I hope in the most friendly manner possible—to a little demur to the "attitude" which I think was the word which Mr. Deakin attributes to us in this Office. I do not think if we were happy enough to have his assistance in the Office that he would find it really existed.

Mr. DEAKIN: I should become official too.

CHAIRMAN: At any rate that shows that the attitude has some attraction, but I do hope that he will believe that we have no wish to be dictatorial or to be uncivil or anything of that sort in the correspondence we carry on with the Colonies.

Mr. DEAKIN: Too civil sometimes.

CHAIRMAN: I would just point this out. Mr. Deakin said that there a difference in the attitude of Canada, if he corresponded with Canada, to attitude if he corresponded with us here. As long as we are all membe the Empire, I suppose the Imperial Government may on certain occ have to use different expressions from others, but I assure Mr. Deaki we do not wish to use them in any way to infringe the principle which Prime Minister laid down, that is to say, the freedom and independence of different governments which are parts of the Empire.

I hope what I have said meets to a large extent what Sir Joseph W wishes. I should prefer not to omit the words from the resolution "under direction of the Secretary of State for the Colonies" because it seems to we ought to be fair and square in these matters. I am not in a positi speaking on behalf of His Majesty's Government, to offer more to this C ference than I have offered. I venture to say, as I did at the beginni that I am offering a great advance on former practice, and I am q aware that I am facing some difficulties in the matter, but I am prepared go as far as I have indicated.

With regard to what General Botha said, I should imagine that one the results of the new arrangement that I have under contemplation would to strengthen the getting of information, and the communication information through the Agents-General or any other representatives of Colonies. I do not think, just because there is the difficulty with reg

to ministerial responsibility, that we can incorporate them (the Agents-General) in the system in the sense of bringing them within the secretariat, but that we wish to improve in every way our means of communication with them and through them I think may stand without saying.

With regard to Mr. Moor's observations, I am not quite sure if I correctly followed them. I think he asked for information on practically all subjects such as commerce and the like. What this resolution immediately before us deals with, are the subjects which have been or are to be discussed at a Conference, and the secretariat is to deal with the Conference. No doubt in the organisation of the office, if it is re-organised in the manner I have indicated, we shall be only too glad to do all that is in our power to further the communication of information on all subjects through that part of the Office to the self-governing Colonies, whether it deals with matters connected with the Conference itself or beyond it.

Those are my views as far as I can form them on the spur of the moment on the opinions expressed. I do not know whether Sir Wilfrid Laurier would still wish to postpone a decision on this question, or whether we may decide it now.

Sir WILFRID LAURIER: I am quite satisfied upon the principle conceded, that what is done is to be done on direct responsibility. That is the only subject, as originally proposed, to which I demurred, because it seemed to be the creation of an independent body. The moment it is recognised here that it is to be under direct responsibility, I am satisfied. I am quite prepared to accept the new principle, but I would not like to commit myself immediately to the drafting of the resolution, which perhaps may be improved. Before we go any further, I would like to call Mr. Deakin's attention to that part which is taken from the draft sent by Australia, "Attending to its resolutions." Will Mr. Deakin kindly explain what he means by that?

Mr. DEAKIN: May I, without reiteration, say something which appears necessary in the way of self-justification before answering Sir Wilfrid ier's question. It must be due to my clumsy method of handling my ment, but I appear to have conveyed my meaning so unfortunately as ggest to you, my lord, that I have been rudely reflecting upon this department. Of course, I do not speak without premeditation, but ut a studied choice of epithets. I should have preferred to handle this without "brushing the dust off a butterfly's wings," if I could have lished my object. I had to convey our sense of dissatisfaction, but ailed, apparently, to explain its cause. May I say that the dictatorial de, which may be usually properly defended, so far as it exists, does so far as my knowledge goes, exist at all to any notable extent. is not our complaint. Our complaint is not that we are treated too mptorily, but that representations of ours are met neither with an under-ding of the real causes from which they spring or of our precise intention. responsible and representative governments are dealt with as you deal a well-meaning Governor or well-intentioned nominee council. Sufficient vledge of our circumstances on many questions would show that we expressing the sentiments of the great body of our people who have dered some question or questions which directly and materially affect , and regarding which they have formed strong and clear conclusions. representations are met, as you are quite entitled to meet them if you e, by an absolute refusal in some cases, or by a qualified refusal in other . With that we have not so much dispute as with the fact that we seem refused, not merely upon inadequate, but upon inappropriate or unreal nds. The particular representations we make are not interpreted as they

would be if they had been expressed by representative members of the House of Commons, who, speaking on behalf of their fellow-members, give utterance to what they believe to be the wishes of their electorate. It is that kind of treatment we mean. I hope I am not to be tempted to justify myself, or to attempt to justify myself, by giving illustrations of this kind of treatment. There may be an appropriate time for them, but I doubt if it is just now. The complaint we have to make is of an attitude of mind. A certain impenetrability; a certain remoteness, perhaps geographically justified; a certain weariness of people much pressed with affairs, and greatly overburdened, whose natural desire is to say "Kindly postpone this; do not press "that, do not trouble us; what does it matter? we have enough to do "already; you are a self-governing community, why not manage to carry "on without worrying us?"

Hoping I have removed any wrong impression, and if I have removed misapprehension, may I say that your reply, Lord Elgin, amounts to a *non possumus*—not that "We will not" but "We cannot." The Prime Minister cannot see his way to accept the responsibilities which we were daring enough to suggest for him, and you cannot consider it further. In this case too I, for one, do not—and doubt if my friends will—question your right to make that reply. But, there again, I question the applicability of the argument which you urge. You say no government is to be dictated to as to how it shall do its business. Quite true. It must allot that business as it pleases. Quite true. It will direct it as it pleases. Quite true. No one suggested anything else; but what we did suggest was that our business, so far as it can be distinguished from yours, should be recognised as our business even to the extent of being paid for by us and discharged by a staff which should, through your Prime Minister, be responsible to our Prime Ministers, and to us. We proposed to you a new thing—not any interference with your present departments. We have no right to interfere, as you properly said, with your department, or its divisions, or its methods. I quite agree. What we have suggested is a new department altogether, with your Prim Minister at its head, but a responsibility somewhat different in its origin he would be acting not merely as Prime Minister of Great Britain, but acting for all the other Prime Ministers of the Empire. We are prep to contribute to the cost of such a department and to pay for the officers they employ in order to have our business done. Therefore, thoug would be perfectly right in so replying to any one who did claim to int with your business, surely we were not trespassing when we sugg something which is our business as well as yours, and which is to be joint cost and responsibility; and I think on that we were quite en be heard.

CHAIRMAN: Certainly, and I have heard you.

Mr. DEAKIN: Yes, but while not disputing your right to reply, I d think it applies, because our proposition was not to trench upon your de ment or present office, but that we should have a voice in and shar cost of a new department, which would be in a sense a joint depart though under the ministerial direction of the Prime Minister of Eng I hope I have removed any misapprehension on that point.

CHAIRMAN: I do not quite accept the whole of your argument.

Mr. DEAKIN: You will also agree that we have not to accep applicability of your reply, which, though reasonable enough in its ter inapplicable, because we are not making, and have not made, any request as that which you have felt bound to decline as if it had been ma

Now, the suggestion made by General Botha appeared to me to be bound up with the proposal which some of us have been recommending. Our idea was that the Prime Ministers at the head of the various Governments would act through their Agents-General in making such representations as they chose through such a secretariat. If it had been a joint department, and a joint secretariat, such as that I have been describing, to which we all contributed, and in regard to which we had some voice as to the selection of officers, the Agents-General would have had the utmost freedom, the fullest right and title to enter the office to communicate with it and use it when representing their Prime Ministers. Both they and it would be agencies of their Governments. For that reason I cordially support the practical suggestion made by General Botha, which I have no doubt will be given effect to whatever the decision as to the secretariat may be, though it would have been expressly provided for if our idea had been accepted. Even when this proposed secretariat, instead of being a joint body, is to be part of your Colonial Office under your direct control, there will be an open communication from the various Governments through their Agents-General.

CHAIRMAN: I said so.

Mr. DEAKIN: Exactly. Our suggestion was based on the assumption that it would be so. In the same way, the question put by the Premier of Natal is also answered. Our proposition implies the widest and completest freedom on the part of any Prime Minister to propose matters for investigation and preparation by the secretariat. On that, also, I have no doubt he will receive a satisfactory assurance from his Lordship. In addition, it is plain that the answer to his question was also supplied by the proposition we have been submitting, which would have given every right and title to obtain every kind of information. I may be pardoned, perhaps, for making these comments before replying to the enquiry put by our senior member, Sir Wilfrid Laurier.

I have taken out a list of the resolutions passed at previous Conferences, of which appear to have been pursued a short way, and one or two of I think have been scarcely pursued at all. If such a secretariat as roposed had been in existence, when any resolution was arrived at by Conference in relation to a particular subject, the duty of that tariat would have been to bring that matter to the notice of all the rtments concerned—the Board of Trade, the Admiralty, or whatever hes of the British Government might be affected—and also to communiwith the several Colonial Governments affected, either to ask them for mation or to present them with the information it had collected. The of the secretariat would be to take care that a resolution should not in a dead letter, but should be followed up to its fullest extent. Any e Minister who was not satisfied with what was done would communi either with the Prime Minister who started it, or those who agreed with nd would again apply to the secretariat contending that certain informa supplied was defective, or that certain action indicated or requested had been followed. He would say that his Government would take action declined to take it, as the case might be, and he would ask to be rmed if other Governments had acted upon it, or not. The secretariat ht to do whatever is necessary to keep the resolutions alive until they finally disposed of to the satisfaction of all Governments concerned.

Sir WILFRID LAURIER: I am quite satisfied with that reply as to the ning of the words I asked about.

Mr. WINSTON CHURCHILL: On the point of payment for the secretariat, I understood that there was a general agreement upon the assertion of the paramount responsibility of some minister of the British Government with regard to the control of such secretariat. I cannot help feeling that that would be very much impaired if it was a secretariat supplied and financed from a joint fund. I am quite sure it would undoubtedly weaken the control and authority of the minister presiding over the department if that department was supplied and financed from a fund collected from a great many different contributory bodies.

Mr. DEAKIN: That is quite a fair criticism from my point of view, except that it must be remembered that the functions of this particular Department are strictly regulated. It is a small secretariat which is to collect, receive, and distribute information, answer inquiries, and follow them out. Therefore, the only ministerial control required is office management, seeing that the officers are doing their work, and for that the head of the Department would be responsible. Our secretariat would have had no executive or any other kind of power. It would have been a collecting, collating, analysing, tabulating, and distributing medium.

Mr. WINSTON CHURCHILL: But you would give the head of the Department administering it power, for instance, to dismiss a member of the secretarial staff with whom he was dissatisfied?

Mr. DEAKIN: Certainly.

Mr. WINSTON CHURCHILL: But if you took a different view with regard to the conduct of that member?

Mr. DEAKIN: He would have the right of appeal.

Mr. WINSTON CHURCHILL: But the Colonial Government which took a particular interest in that member, or felt that he had a special reason or claim to speak on their behalf, might take a strongly different view from the Home Government in regard to the member's position, and the fact that they contributed actually a portion of the fund out of which he was might lead them to assert in a very definite form that division of auth which you all seem anxious to avoid.

Mr. DEAKIN: I do not think that would occur. There must be head for office purposes.

Dr. JAMESON: As we said before, the Prime Minister in charge of secretariat would represent all the other Prime Ministers. It is very nat if we pay towards the upkeep of the secretariat, to choose some one, in absence of the others, to take charge. That is a different position from of the Secretary of State for the Colonies, who, of course, is entirely concer with the Imperial Government. My own view was not so much as to question of which department of the Government it should be under, b was anxious as to the knowledge of the people who form the secreta My great point is, that it should be composed of people well informe Colonial affairs, and I hope Lord Elgin will take that into account when h forming the secretariat, and then I shall be quite satisfied.

Sir JOSEPH WARD: I would like to say, my Lord, that I un stand from the observations you have made, that the Prime Minister ca undertake this duty.

CHAIRMAN: I do not think he can.

Sir JOSEPH WARD: I understand that, and also agree that it must be under direct ministerial control. We all recognise that should be the case. Upon the point referred to by Dr. Jameson, may I suggest that I think it would be very valuable to the Colonies and also to the Colonial Office, if when the secretarial staff is formed, you recognised the importance of allowing someone connected with that staff to spend some time out in our Colonies, if only for the purpose of obtaining information, upon the methods of carrying on your business with us, as, on the spot, a capable officer would get a useful insight into the work and system of administration of our Governments. That is a very important matter, and if the suggestion were carried out it would add invaluably to the working of the Colonial Office at home in connection with the Colonies. Speaking for my own country I think it would be a matter of very great importance if such a thing could be done. In view of the very important statement made by Lord Elgin as to division of the self-governing and Crown Colonies, I have only to say that I very heartily congratulate him and the Conference upon it. We have his assurance that he proposes to divide the Administration of the Colonial Office in such a way as he may think best in his own Department, so that the self-governing Colonies will be treated separately from the Crown Colonies, and from my point of view I regard that as very important. I am very glad indeed to find that Lord Elgin concurs in what I have previously said. In our countries, we consider it of the first importance in the administration of our affairs that from time to time must come to the Colonial Office. I suggest that the Prime Minister and Secretary of State for the Colonies should confer as to what should be done in regard to the secretarial staff. I do not seem to be quite in accord with some of my colleagues upon that point, but I should be quite content with the already important steps we have achieved towards the continuity of the Conference and the creation of a link to be kept up during the period of four years between meetings, and I think it would be a very great pity that any difference of opinion should prevent us coming to a unanimous conclusion on the matter. Under the circumstances, I shall support the proposal as it is, and shall look forward to it working out with satisfaction to all concerned.

I am very glad to know that the important men who carry on the entation of our countries here—our High Commissioners and Agents- al—will be recognised as being a medium, at all events, through which lonies may from time to time make representations that will be heard, y always have been so far as my experience has gone, at the office of ecretary of State for the Colonies, in connection with this Imperial rence on matters we desire to bring forward.

CHAIRMAN: One of the first meetings I had in this room was with the ts-General of all the Colonies, and I specially asked, if they had any ess at any time to bring forward, if they would be so good as to let me

ir JOSEPH WARD: I think, Sir, they have the most cordial feeling ds you, so far as I know.

Mr. DEAKIN: Do you propose to omit these words "under the direction Secretary of State for the Colonies"?

Sir JOSEPH WARD: No, I propose to leave them in.

CHAIRMAN: It is not from any wish to aggravate my office or position, t seems to me the resolution defines what we are going to do, and it puts

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the responsibility definitely on my shoulders to carry out the wishes of the Conference.

Dr. JAMESON: As I was one of those who objected to it at first, I should like to say that as I want something definite I quite accept the position as it has been explained, and I suggest that the words remain in, though I must say, that I think we have been quite right in giving our opinions. I now suggest that we pass it as it stands.

Mr. DEAKIN: Shall we know no more with regard to the policy you propose to pursue, than the general statement you have made as to some kind of separation in the Colonial Office? In this connection too there is the question of the reorganisation of the Colonial Office.

CHAIRMAN: We will take that separately immediately afterwards, if we pass this.

Mr. DEAKIN: Sir Joseph Ward has also called attention to it.

CHAIRMAN: What we propose to take is first this matter, and then the question as to the Imperial Defence Committee, if there is time.

Mr. DEAKIN: So great is our need of securing the local knowledge of your officers that I have been contemplating the abduction of Sir Francis Hopwood ever since I have been here, with the object of turning him into a citizen of the Commonwealth for a few months so that he may understand our difficulties for the future.

Sir FRANCIS HOPWOOD: I shall be very glad to accept your invitation.

Mr. DEAKIN: If your Ministerial Chief endorses that we will [illegible] it as given and accepted on the spot, and for any time.

Sir JOSEPH WARD: I hope Sir Francis Hopwood will u[illegible]erstan[illegible] the same applies to New Zealand.

Mr. DEAKIN: I trust you will not think me unduly insistent, but [illegible] say with regard to the establishment of a secretariat that above all, if [illegible] to be a part of the Colonial Office, and yet have a distinct character, it [illegible] require distinct and separate knowledge which can only be gained by li[illegible] in the country, and being associated with it. Our own experience whe[illegible] come here is quite sufficient to teach us how very different familiar n[illegible] and familiar things are in this country when compared with our own[illegible] similar experience, I am sure, would await any member of your staff. [illegible] if he were the ablest, the most gifted, and best-read person in the cou[illegible] he would find that your names, phrases, and forms have their di[illegible] development amongst us. Before passing from this point let me ve[illegible] to remind you that no secretariat in the Colonial Office will give us[illegible] satisfaction which I am sure you desire, unless some of its important off[illegible] are in touch with the self-governing Colonies with which they hav[illegible] deal; and that this touch can only be obtained by personal acquaint[illegible] with the Colonies.

CHAIRMAN: Of course if it means a permanent arrangement for certain members of the staff of the Colonial Office being in the Colonies, it will mean an increase of the staff for which I should have to apply to my friend the Chancellor of the Exchequer.

Mr. DEAKIN: That might be avoided by the proposal to send you one or two of our leading men for the time being to be employed by you in order to understand the mysteries of this department.

CHAIRMAN: That is a thing which would have to be threshed out in detail, and I should not like to express an opinion upon it just now.

Sir WILFRID LAURIER: This secretariat means the creation of a new department whose business it would be to deal with the self-governing Colonies or Dependencies of the Crown, or, as they are termed "Dominions beyond the sea," and I think the suggestion which has been made that the secretary or one of the staff should visit the different parts of those Dominions is an excellent one.

CHAIRMAN: We have tried it, but there is one unfortunate result, and that is we lose our best men because you retain them; I think, however, this point is one which we could scarcely discuss very usefully further than this. We notice your wish and will consider it.

Mr. DEAKIN: We have finished our consideration of this resolution down to the word "affairs."

CHAIRMAN: I understand it is adopted down to the word "affairs." The other paragraph is: "That upon matters of importance requiring con-
"sultation in common either in this country or in the Colonies between two
"or more of the governments which cannot conveniently be postponed until
"the next Conference or which involve subjects of a minor character, sub-
"sidiary Conferences should be held between representatives of the Colonies
"and of the Mother Country especially chosen for the purpose." I do not know that I need not amplify that. It seems to me to speak for itself.

Sir WILFRID LAURIER: So far as I am concerned I think this is correct, but it is a mere matter of course, and I do not see why you should put it in. It is a matter which would always be done as a matter of course, and I do not see any advantage in putting it here.

CHAIRMAN: It is only put in in order to carry out the principle of carrying it out as much as possible. The secretary suggests that after the word "character" we might put in "or such as require detailed considera-
tion." For instance, the Shipping Conference we could scarcely have carried on at this Conference.

Mr. DEAKIN: That is not a matter of a minor character.

Sir WILFRID LAURIER: It is all quite proper, as I say, but I do not see the necessity of putting it in this form here, because it seems to me to be overburdening a very good resolution.

Mr. WINSTON CHURCHILL: The resolution really constitutes one of the instruments of Imperial organisation, and from a public point of view it

is calculated to interest the public, as showing how far the work has proceeded; I think it worth considering whether it ought not to be as complete a statement of the stage at which that organisation has arrived as possible.

Sir WILFRID LAURIER: I do not object, but it seems to me putting on paper what can be done without it.

Mr. DEAKIN: The one criticism I have to offer upon it is that if this phrase were construed narrowly the reference to Colonies might be limited to Colonies referred to above. Now we all hope to see the union of South African States to which several of the representatives here have more than once alluded. Canada, Australia, and South Africa will then be three Dominions or Commonwealths which will include in themselves, with limited powers, states or provinces which occasionally might be entitled to share in some of these subsidiary Conferences, which, indeed, might be confined to them if the matters dealt with related only to certain special subjects. I do not know whether the addition of those words would provide for this contingency quite clearly. While this shows the general scheme of the Conference, it ought not to exclude from participation in the subsidiary Conference some of the provinces or states which would not, or could not, be represented in the major Conferences to which we have been alluding, because they no longer possess the powers which would authorise them to speak or act upon the questions under discussion.

Mr. WINSTON CHURCHILL: As a matter of drafting as we have now cut out in the first paragraph the words "affecting the relations of the Mother Country and His Majesty's Dominions over the Seas," would it not be possible to use the words "His Majesty's Dominions over the Seas," which have not been previously used in the resolution, in the place of the word "Colonies" in the third paragraph?

Sir WILFRID LAURIER: I do not see the necessity of it. A "resolution" means that you shall do something which you could not do before. You can do this already. It is mere surplusage, but I do not object to it, except on the point that there is no necessity for it. I think Mr. Winston Churchill's suggestion on the point of drafting is excellent.

CHAIRMAN: "In this country or in His Majesty's Dominion[s] the seas."

Sir JOSEPH WARD: I think with Sir Wilfrid Laurier, that as a n[ote] of necessity we could do without it, but, on the other hand, I quite agree Mr. Winston Churchill that it would convey a much brighter and str[onger] impression on the imaginative observer outside, who is anxious to see there is some possibility of dealing with minor matters betwee[n] Colonies.

Sir WILFRID LAURIER: It can do no harm, and possibly m[ay do] good.

Dr. JAMESON: I suppose the "secretariat" in the previous para[graph] is implied in this paragraph also?

Mr. DEAKIN: Certainly.

Sir JOSEPH WARD: That is understood, and applies to the w[hole] thing.

Mr. DEAKIN: We ask that its head should be connected in everything with the self-governing Colonies—Conference or no Conference.

Sir JOSEPH WARD: That is understood.

Dr. JAMESON: The "secretariat" refers to the general Conference in the paragraph before, and here the paragraph goes into minor matters.

CHAIRMAN: Do you mean you would not put it in?

Dr. JAMESON: Yes, I would.

CHAIRMAN: The Secretary suggests that we should simply use the term "Dominions over the Seas."

Mr. DEAKIN: Are they all dominions? "Dominion" is a technical title. In Canada the word "Dominion" includes the subordinate Provinces, just as the word "Commonwealth" with us includes States.

Mr. WINSTON CHURCHILL: But in the plural, "Dominions," it is quite different.

Mr. DEAKIN: I suggest you should bring in the words "local administrations" to put it beyond doubt, but am not particular about it—you might have both expressions.

CHAIRMAN: It stands thus: "That upon matters of importance requiring consultation in common, either in this country."

Mr. DEAKIN: What does "consultation in common" mean?

CHAIRMAN: That means between this country and others.

Mr. DEAKIN: You cannot have a consultation without at least two le.

r. WINSTON CHURCHILL: It means consultation in general.

r. DEAKIN: Do the words "in common" convey anything?

HAIRMAN: It seems to me they are put in in rather a wrong place, would be better if it read in this way: "That upon matters of rtance either in this country or in His Majesty's Dominions beyond Seas between two or more of the Governments which require a con- tion in common and which cannot be conveniently postponed until the Conference."

r. DEAKIN: That is better.

HAIRMAN: "Or which involve subjects of a minor character or such quire detailed consideration subsidiary Conferences should be held en representatives of His Majesty's Dominions beyond the Seas and Mother Country, specially chosen for the purpose."

Mr. DEAKIN: You do not want the whole phrase over again. It is sufficient to say "representatives of the Dominions and the Mother Country."

CHAIRMAN: I was using the former words.

Mr. WINSTON CHURCHILL: Representatives of the Dominions concerned?

Mr. DEAKIN: Yes, that is good.

Sir WILFRID LAURIER: I should like to have an opportunity of considering the wording when it is copied out.

CHAIRMAN: I have no objection to that so long as it is not published.

Mr. DEAKIN: I think Sir Wilfrid Laurier is entitled to make that suggestion, but hope it will be finished to-day, and that the *précis* can be published which the Press did not have yesterday.

Sir WILFRID LAURIER: As to this drafting of the resolution, if the wording is accepted I am quite satisfied, but before giving it to the public I should like to have further opportunity of considering it. I am not so ready to give information to the Press as Mr. Deakin seems to be. *Festina lente* is a good maxim. I would like to defer this. I am not satisfied as to the words "Dominions beyond the Seas." It is a good expression, but I do not know that it is correct as it is used here, and I should like to see it in a corrected draft. I do not know that it may not include Trinidad as well as Australia and Canada. It is not limited, so far as I can see, to the self-governing Colonies.

CHAIRMAN: That is what is meant in the first place.

Sir WILFRID LAURIER: Yes.

Sir JOSEPH WARD: Why not use the words "self-gover Colonies?"

Sir WILFRID LAURIER: Or "self-governing Dominions beyon Seas." As drafted, it seems to me it would as well apply to Trinid Barbados as to Canada.

CHAIRMAN: I think we will have to introduce the words governing."

Sir WILFRID LAURIER: I would like to use some expression would make a differentiation between the self-governing Colonies an other Colonies. So far as the Colonies represented here are concerned, I we could drop the word "Colonies" and try to invent something which strike the imagination more.

Mr. DEAKIN: Certainly; if anybody can do that it is you, Sir W

Mr. WINSTON CHURCHILL: I understand Sir Wilfrid Laurier like to have a fair copy of the resolution to consider.

Sir WILFRID LAURIER: Yes. We have adopted it in substance, and that is great progress; but before it is sent to the Press I would like to have the opportunity of considering it.

CHAIRMAN: Would the words "self-governing communities of the Empire" do?

Sir WILFRID LAURIER: Perhaps they would; but I would like to consider the suggestion. It is worth taking twenty-four hours over it. I talked it over yesterday with a friend, and we agreed that we have passed the state when the term "Colony" could be applied to Canada, New Zealand, and Australia. I would like to have suggested the word "State," but for the fact that in Australia they call states what we call provinces, and it might lead to confusion. Perhaps one of us can make a better suggestion. I would rather sleep upon it, unless somebody else has any other suggestion to make to-day.

Mr. DEAKIN: Would this term do: "British Dominions possessing responsible government"?

Sir WILFRID LAURIER: I would prefer "self-governing dominions beyond the seas."

Sir JOSEPH WARD: I am agreeable to that.

Mr. DEAKIN: We need not add "beyond the seas." "Self-governing Dominions" will do.

Sir WILFRID LAURIER: If you designate all those countries that have been known up to the present time as self-governing Colonies "self-governing Dominions," we can then give out to the public that henceforth these are "self-governing Dominions," but I would like to have a single apt word which may be taken to mean "self-governing Colonies."

Mr. DEAKIN: We recognise that the "Dominion" is the senior of the mmonwealth" and, therefore, the name "Dominion" has a claim. , we recognise that in his Majesty's official title the word "Dominion" l where the word "Commonwealth" is not.

r WILFRID LAURIER: "Dominion" is a general term which covers words which it is not possible to define otherwise.

r. F. R. MOOR: Can we have the words of the resolution read as ttled?

r JOSEPH WARD: As long as it is understood that New Zealand is inion, I do not object to the word "Dominion." We ourselves under- New Zealand is a Dominion, but I would like it understood that our y is covered by that term here.

HAIRMAN: Shall I read the resolution through?

ir WILFRID LAURIER: For my part I would like to see it before he only reason why it is suggested we should finally close the discussion is simply in order to give it to the Press.

Third Day.
18 April 1907.

FUTURE CONSTITUTION OF THE CONFERENCE.

Mr. F. R. MOOR: May we have the last paragraph read again?

CHAIRMAN: I will read the whole of it from the beginning: "That it "will be to the advantage of the Empire if Conferences, to be called Imperial "Conferences, are held every four years, at which questions of common "interest may be discussed, and considered as between His Majesty's "Government and Governments of the self-governing Dominions. The "Prime Minister of the United Kingdom will be *ex officio* President, and the "Prime Ministers of the self-governing Colonies *ex officio* members of the "Conference. The Secretary of State for the Colonies will be an *ex officio* "member of the Conferences, and will take the chair in the absence of the "President, and will arrange for such Imperial Conferences after communi-"cation with the Prime Ministers of the respective Dominions. That it is "desirable to establish a system by which the several Governments "represented shall be kept informed during the periods between the "Conferences in regard to matters which have been or may be subjects for "discussion by means of a permanent secretarial staff, charged under the "direction of the Secretary of State for the Colonies with the duty of "obtaining information for the use of the Conference, of attending to its "resolutions, and of conducting correspondence on matters relating to its "affairs. That upon matters of importance, either in this country or in His "Majesty's Dominions beyond the seas which require consultation in common "between two or more of the Governments, or which cannot be conveniently "postponed until the next Conference, or which involve subjects of a minor "character, or such as require detailed consideration, subsidiary Conferences "should be held between the representatives of such Dominions and the "Mother Country specially chosen for the purpose."

Dr. SMARTT: Surely the word "Dominions" would not refer to the various Colonies in South Africa. It would not be a dominion unless it were federated like Canada or Australia; New Zealand might be called a Dominion, it being two islands under one Government, but you could not call Cape Colony a dominion.

CHAIRMAN: Yes,— "self-governing Dominion" is what we call yo here.

Dr. SMARTT: Is not the word "Dominions" in the title of the Ki

CHAIRMAN: In the King's title the words "Dominions beyon seas" cover everything, and it was in order to restrict the term to governing parts of the Empire beyond the seas that we put in the w "self-governing."

Mr. DEAKIN: I prefer the words "Dominions concerned" which back directly to those engaged in the Conference. The words " Dominions" leave it at large.

CHAIRMAN: Personally, I agree with Sir Wilfrid Laurier, and s like to look through it when it is copied.

Sir WILFRID LAURIER: I think we should consider it. It i important a matter to pass over without having a moment of reflection it. We know the importance of this document, and I think it is worth to be a little careful about its wording.

Mr. F. R. MOOR: Personally, I should like to use a happier term as reflecting the Colonies we represent in South Africa. We have not yet got to that condition of things when we might be safely designated as Dominions, and I think, with Sir Wilfrid Laurier, it might be just as well to think the matter over carefully.

Mr. DEAKIN: There is no possible objection to that, except the natural disappointment of the public, which, however, might be mitigated if the *précis* of the discussion were now presented without giving the resolution arrived at—just the outline of the discussion in a general way. Otherwise, if they have to wait until Saturday, it means that Australia will not have the information until Monday or Tuesday.

Mr. WINSTON CHURCHILL: As I understand, we have really got through the committee stage and the report stage, and all that remains, with regard to the resolution, is the third reading; so that we shall not have to begin detailed consideration again.

CHAIRMAN: I understand that we pass the Resolution, and it is only a question of wording which remains open.

Sir WILFRID LAURIER: It stands for third reading, as Mr. Churchill says, and we have time to consider the expressions.

Mr. DEAKIN: There is no objection now to a *précis* being given to the Press.

Sir WILFRID LAURIER: I would not give the *précis* until we give the Resolution itself.

CHAIRMAN: The next meeting of the Conference is fixed for Saturday, at 11 o'clock. There were two other points on the agenda paper for to-day. One is as to the organisation of the Colonial Office which was incidentally mentioned in the discussion, and I do not know that I have any more to say than I have said, but if Mr. Deakin wishes to have it further discussed we had better defer it to another day.

Mr. DEAKIN: I would like some further discussion upon it.

CHAIRMAN: The other resolution is with regard to Imperial Defence. The Resolution is from Australia: "That it is desirable that the Colonies should be represented on the Imperial Council of Defence, and that the Colonies be authorised to refer to that Council for advice any local questions with regard to which any expert opinion or assistance is deemed desirable." Perhaps if I make the statement which the Prime Minister has given me, it will meet the whole case. The Prime Minister considers that it might be of advantage made clear to the representatives of the Colonies at the coming Conference that the Committee of Imperial Defence is intended to provide the means of discussing questions of a general or local character relating to defence. It should, therefore, be open to the Government of any self-governing Colony to submit these questions through the Colonial Office and to obtain such advice as the Committee is able to give. If so desired any representative of a colony which may wish for advice may be summoned to attend as a member of the Committee during the discussion on the question raised.

Mr. DEAKIN: That practically meets the proposal, though I should like to have the opportunity of speaking to the Secretary of the Committee of Defence who has not only a national, but an established Australian reputation, before this is finally disposed of. It appears to be completely satisfactory.

CHAIRMAN: I think the members of the Conference understand that the Committee of Imperial Defence is a body which consists of one permanent member, the Prime Minister, and the other members are summoned as occasion requires. Therefore, this proposition really deals with the Colonial question on exactly the same principle.

Sir JOSEPH WARD: When will that come up for consideration?

CHAIRMAN: I do not know whether it requires any more consideration.

Mr. DEAKIN: I want to speak to the Secretary upon it.

CHAIRMAN: That is all I have to say as to the Committee. Military defence is the subject of the next meeting, and naval defence is part of the business for next week.

Sir WILFRID LAURIER: With regard to the resolution we have just agreed upon, I would like to call attention to the fact that we have not at all settled what is to be the status of the Colonial Ministers in London. Sir William Lyne brought that matter forward, and we have left it at present.

CHAIRMAN: I thought at the time we dealt with that question, I pointed out I only mentioned the *ex officio* members, but the whole resolution means that there is to be discussion between the Governments, and the representatives of the Governments other than the *ex officio* members will attend, and I thought it was understood—and I think you, Sir Wilfrid, initiated it—that the particular question of the actual manner in which the other Ministers should come in should be deferred beyond this resolution and taken separately.

Sir WILFRID LAURIER: At that time I had in my mind that [illegible] should not pass this finally, but the matter is left altogether abso[illegible] unsettled.

Mr. DEAKIN: I proposed to bring it forward myself, only we be[illegible] absorbed in this discussion.

Sir WILFRID LAURIER: If that is so we shall have to think it o[illegible] little more.

CHAIRMAN: I hope if you do wish to alter the resolution on [illegible] particular point it will not mean that we shall have more than a [illegible] reading.

Sir WILFRID LAURIER: We have practically agreed to it, but [illegible] other is a point of some practical importance, and we ought to come to [illegible] clear understanding about it.

Mr. DEAKIN: Certainly. At the present Conference the understan[illegible] is that the Prime Minister and one colleague would take part in

discussion, while on special matters when the occasion demands it, other Ministers might be asked to take part.

Sir WILFRID LAURIER: I have two of my colleagues here, and I should not like to come without either.

CHAIRMAN: The business on Saturday is as to military defence.

Mr. DEAKIN: We must conclude this first, and perhaps we might meet half an hour earlier to finish it before our appointment with Mr. Haldane at 11.

CHAIRMAN: I will inquire if it is necessary, and will let you know. I have been making inquiries of the Chancellor of the Exchequer, who is exceedingly busy just now with the Budget, and he informs me that he is obliged to go to Scotland one day at the beginning of next week, and therefore if it suits the Conference he would prefer to take a day in the following week for the discussion of the trade question. In that case he fixes Tuesday, April 30th, for preferential trade. The question, therefore, is what subjects we should take on Tuesday and Thursday next week. I believe the First Lord of the Admiralty is willing to come on Tuesday for the discussion of naval matters, and then the subject of emigration can be taken on Thursday.

Adjourned to Saturday morning at 11 o'clock.

Fourth Day.
20 April 1907.

FOURTH DAY.

HELD AT THE COLONIAL OFFICE, DOWNING STREET,
SATURDAY, 20TH APRIL 1907.

PRESENT:

The Right Honourable THE EARL OF ELGIN, K.G., Secretary of State for the Colonies (President).

The Right Honourable Sir WILFRID LAURIER, G.C.M.G., Prime Minister of Canada.

The Honourable Sir F. W. BORDEN, K.C.M.G., Minister of Militia and Defence (Canada).

The Honourable L. P. BRODEUR, Minister of Marine and Fisheries (Canada).

The Honourable ALFRED DEAKIN, Prime Minister of the Commonwealth of Australia.

The Honourable Sir WILLIAM LYNE, K.C.M.G., Minister of State for Trade and Customs (Australia).

The Honourable Sir JOSEPH WARD, K.C.M.G., Prime Minister of New Zealand.

The Honourable L. S. JAMESON, C.B., Prime Minister of Cape Colony.

The Honourable Dr. SMARTT, Commissioner of Public Works (Cape Colony).

The Honourable F. R. MOOR, Prime Minister of Natal.

The Right Honourable Sir R. BOND, K.C.M.G., Prime Minister of Newfoundland.

General The Honourable LOUIS BOTHA, Prime Minister of the Transvaal.

Mr. WINSTON S. CHURCHILL, M.P., Parliamentary Under-Secretary of State for the Colonies.

Sir FRANCIS HOPWOOD, K.C.M.G., Permanent Under-Secretary of [illegible] for the Colonies.

Sir J. L. MACKAY, G.C.M.G., K.C.I.E., on behalf of the India Office.

Mr. H. W. JUST, C.B., C.M.G., } *Joint Secretaries.*
Mr. G. W. JOHNSON, C.M.G., }

Mr. W. A. ROBINSON,
Assistant Secretary.

ALSO PRESENT:

The Right Honourable R. B. HALDANE, K.C., M.P., Secretary of State for War.

General the Honourable Sir NEVILLE LYTTELTON, K.C.B., Chief of the General Staff.

General Sir W. G. NICHOLSON, K.C.B., Quartermaster-General.

Major-General DOUGLAS HAIG, C.B., Director of Military Training.

Major-General J. S. EWART, C.B., Director of Military Operations.

CHAIRMAN: Gentlemen, before we begin business I may just remind you that our numbers are complete with the arrival of Sir Robert Bond. I hope that I may extend a welcome to him from the Conference, and I may, perhaps, mention that I have had the advantage of an interview with him at which I explained what had taken place at the meetings before he was able to attend, and I think he will be able to say that as far as he is concerned he is ready that matters should go on from the point which they had reached at the last meeting.

Sir ROBERT BOND: My Lord, and gentlemen, permit me to convey to your Lordship an expression of my sincere thanks for your kind cordial greeting and welcome to this Conference, and to say that it is a matter of very great regret to me, that, owing to circumstances over which I had no control, I was prevented from being here at the opening of this Conference, and from thus having the privilege of listening to the opening address of the Right Honourable the Prime Minister. Your Lordship has very kindly had me furnished this morning with a copy of the proceedings, and I have been able to peruse with both pleasure and profit the words of wisdom and encouragement contained in Sir Henry Campbell-Bannerman's address. I am pleased to notice that the Prime Minister in bringing directly under the notice of this Conference the agenda of business that is to engage its attention, did not limit its deliberations to matters therein set forth; that he very gracefully recognised that, owing to the different conditions appertaining in the Colonies, it is scarcely possible that we can all approach the consideration of the various subjects that are to engage our attention from precisely the same standpoint; that our dealings with many of those matters must be necessarily governed by the opinions and desires of those we represent, and that our conclusions must be subject to the approval of our respective Parliaments. The Empire stands before the world to-day as probably the greatest expression of national expansion that the world has ever seen, and this, my Lord, I think has been brought about by due and proper regard for public opinion in the various States or Colonies that comprise the Empire. Therefore, I submit that nothing but good can come from the recognition of the principle that Sir Henry Campbell-Bannerman set forth in his address.

May I be permitted, my Lord, to join in the expression of regret that has proceeded from the Conference in reference to the illness of that distinguished statesman who presided over the affairs of the Conference 1902. Probably no British statesman has ever had such a warm place the affection of the Colonies as Mr. Chamberlain. His illness, therefore, occasioned the deepest concern throughout all the Colonies of the pire. In joining in the hope that has been expressed by this ference I am not only voicing my own heartfelt desire, but I am I am echoing the desire of those I have the honour to represent.

May I also be permitted, my Lord, to join with those who paid a tribute spect to the memory of the late Prime Minister of New Zealand, Seddon. We who sat with him in conference five years ago will mber with admiration his strong personality and wide imperialism, I think all who watched his political career cannot have failed to eciate that by his decease a great and unique character and empire- der has passed away. As the Prime Minister remarked, my Right ourable friend, Sir Wilfrid Laurier, and myself are the only two members is Conference who sat in the former one, five years ago. I am quite sure it is a satisfaction to both of us that the vicissitudes incident to public have not come our way, and that we are again privileged to join in this rtant Conference.

I again thank you, my Lord, and the other Members of the Conference our kindly welcome to-day.

Fourth Day.
20 April 1907.

FUTURE CONSTITUTION OF THE CONFERENCE.

FUTURE CONSTITUTION OF THE CONFERENCE.

CHAIRMAN: Gentlemen, we have met at an earlier hour this morning in order that we might formally adjust the Resolution which was, in principle, accepted at our last meeting. I have endeavoured to get it so far as I could into shape in certain details that the Conference desired, and it has been in your hands, and I shall be glad to hear if there are any remarks to be made.

Sir WILFRID LAURIER: I am satisfied with it so far as Canada is concerned. Sir Robert Bond might not have had the facility, perhaps, of perusing the discussions. I do not know whether he has or not.

Sir ROBERT BOND: No, I have not fully perused the discussion, Sir Wilfrid. I only received the papers this morning, and consequently but glanced through them.

Sir WILFRID LAURIER: The question which we have been discussing, Sir Robert Bond, has been the creation of an Imperial Council, and we have come to the conclusion that this was not advisable, and this is what we have drafted, endeavouring to meet as far as we could the different opinions that have prevailed. I observe, Sir Robert, that in the despatch that you sent in answer to the Colonial Office despatch on this subject you do not seem to favour the creation of such a Council. This is what we have practically agreed to subject to modification, of course, nothing being settled until it is finally passed: "That it will be to the advantage of the Empire "if Conferences to be called Imperial Conferences are held every four "years at which questions of common interest may be discussed and "considered as between His Majesty's Government and the Governments "of the self-governing Dominions. The Prime Minister of the United "Kingdom will be *ex-officio* President, and the Prime Ministers of the "self-governing Dominions *ex-officio* members of the Conference. The "Secretary of State for the Colonies will be an *ex-officio* Member of the "Conference, and will take the chair in the absence of the President, and "will arrange for such Imperial Conferences after communication with the "Prime Ministers of the respective Dominions." This paragraph, so far as it goes, meets with the approval of Canada: "Such other Ministers as the "respective Governments may appoint will also be members of the Conference "—it being understood that except by special permission of the Conference "each discussion will be conducted by not more than two representatives "from each Government, and that each Government will have only one "vote."

CHAIRMAN: That part was not before the last meeting.

Sir WILFRID LAURIER: So far as I am concerned I may say at once that I am satisfied with this.

CHAIRMAN: I think Sir Robert Bond has seen it.

Sir ROBERT BOND: I have it before me, and may observe that Lord Elgin showed me last evening this Resolution, when I intimated to him that with the principle involved I concurred.

CHAIRMAN: If you are taking it paragraph by paragraph, there is a small matter Mr. Deakin has mentioned to me. It is only to break up the last sentence, and he suggests there should be a stop after the word "President"—"The Secretary of State for the Colonies will be an *ex-officio* "member of the Conference and will take the chair in the absence of the "President." It is quite true that the last part of the sentence has not very direct connection with the first. I propose that we should strike out the word "and" and begin the sentence with "He."

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Sir WILFRID LAURIER: Yes.

CHAIRMAN: There is one other point I think I ought to call the attention of the Conference to. We agreed, and I am not going back upon the agreement, that instead of the word "Colonies" we should use the word "Dominions;" but is it sufficiently defined if we use the word "Dominions" alone throughout? After all, we, in this country, are part of His Majesty's self-governing Dominions strictly speaking, and I would suggest that we might take what is really the official term "the Dominions beyond the seas" in the first place where it occurs—"the Governments of the self-governing Dominions beyond the seas," and any other reference to it in th course of the Resolution might very well be "Dominions." That would ma it absolutely clear what we mean by the expression in the first place. e ke

Sir WILFRID LAURIER: Yes, I see no objection to that as fa am concerned. r as I

CHAIRMAN: Then we will insert the words "beyond the "Dominions" in the first place. seas" after

Dr. JAMESON: There is another small point. I sho singular instead of the plural used in the first two lines uld like to see the —"A Conference to be called the Imperial Conferen f the first paragraph years," &c. I think it would make it more em is held every four "Conferences." It is simply substituting the sphatic than the word plural. ngular number for the

Sir JOSEPH WARD: I thi [illegible] nk it would read very much better.

Sir ROBERT BOND: I think it is a very decided improvement. I think it is far more emphatic.

Sir WILFRID LAURIER: I think so too.

CHAIRMAN: Then subject to those alterations we agree to the first paragraph.

ir WILFRID LAURIER: Somebody has suggested to me that instead ing "His Majesty's Government" we should have "the Government of nited Kingdom." I suppose we are all His Majesty's Governments.

HAIRMAN: It is a technical term for His Majesty's Government here.

ir WILFRID LAURIER: Yes, it is very well understood, but suppose l "the Government of the United Kingdom," as we all claim to be His y's Governments.

r. DEAKIN: "As between His Majesty's Government of the United gdom and His Governments of the self-governing Dominions beyond seas."

ir WILFRID LAURIER: That would meet my views. The point rought to my notice by a friend, but "His Majesty's Government" is technical expression that there can be no mistake about it.

Ir. DEAKIN: "His Majesty's Government" in Canada means the lian Government.

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Dr. JAMESON: Why not "His Majesty's Government and His Governments of the self-governing Dominions."

Mr. DEAKIN: Yes, that is an improvement.

Sir WILFRID LAURIER: I am satisfied with that.

CHAIRMAN: And leave "His Majesty's Government."

Mr. DEAKIN: Yes, substituting "His" for "the."

CHAIRMAN: Next come the words with regard to the Ministers.

Sir WILFRID LAURIER: That satisfies me.

Sir LIAM LYNE: I do not know what has been done in reference
Sir WIL aragraph which Sir Wilfrid Laurier read. There has been
to that first p ade and I could not catch it.
some alteration in

ey are only verbal alterations. We have altered the
CHAIRMAN: Th ference to be called the Imperial Conference is held"
first words into "A Co the plural, and we have made the words to run "as
instead of putting it in Government and His Governments of the self-
" between His Majesty' yond the seas," that is all. Then there is the
" governing Dominions as the respective Governments may appoint
addition "Such other Ministers as the resp understood that except
" will also be members of the Conference—it being conducted
" by special permission of the Conference each discussion will be
" by not more than two representatives from each Government and that each
" Government will have only one vote"—is that agreed to.

Sir WILFRID LAURIER: Clearly.

CHAIRMAN: Now the second paragraph of the Resolution.

Mr. DEAKIN: I have a suggestion to make in this paragraph.
were good enough to adopt throughout this Resolution the language subm
by one or other of the different states, and consequently it now r
"That it is desirable to establish a system by which the several Governm
" represented shall be kept informed during the periods between the
" ferences in regard to matters which have been or may be subjec
" discussion, by means of a permanent secretarial staff charged und
" direction of the Secretary of State for the Colonies," and so on. B
word "secretarial" has ceased to have a meaning or, at all event
meaning that was attached to it when first brought forward. What
intended is not a separate body, but a branch of the Colonial Office
referring to your remarks, my Lord, I notice that you stated your inte
was to separate the departments of this office. You will have a di
division which will not be exactly apart in the department, but will
one division concerned with the business of all the self-governing Col
and will not be directly concerned with that of the Crown Colonies.
not think that can be distinguished from the rest of the Colonial Offi
being called a secretariat, because practically all your office is a secret
It is for you, my Lord, to select the phrase which would best define
own intention, but as this stands, it appears to me that what is inte

is merely that this work should be carried out by means of a portion of the staff under the direction of the Secretary of State for the Colonies, which shall be charged with the duty of whatever work may be allotted. The proposal for a secretariat was a proposal for a body independent of this or any other department. It was to be a kind of joint and several department under the control of the Prime Minister of Great Britain. As such, the word "secretariat" was necessary, in order to make it quite clear that there was no intention of creating a body with any authority other than to perform the necessary secretarial, statistical, and other work cast upon it by the Conference or by some of the Governments represented. That was specially necessary to meet Sir Wilfrid Laurier's criticism, but under the present circumstances that proposal has entirely disappeared. This proposal is nothing like it. The present project is that there shall be a portion of the Colonial Office, a distinct division, not exactly set apart, which is to deal with us. Consequently the former title appears to me to be no longer appropriate. My own suggestion is that we should now indicate what is intended, and it is for you, my Lord, to say what is intended.

CHAIRMAN: I did not mean to go into further details, for the reasons I gave at the former meeting, but I may just say that in my own mind I had intended to go a little more towards meeting you than you have expressed. Our practice in this office hitherto has been to select gentlemen from our staff who we thought, and I think quite rightly, were well qualified to prepare the business for the Conference, and to act as its secretaries. What we have in our minds to carry out, and hope to be able to carry out in the future, is that we should appoint a gentleman on our staff to be the secretary for the Conference, not for one Conference only, but to continue the business as a member of the staff of the office and in a division of the office, as I said before, but that being his specific duty, thereby focussing all the business in the way which I think the members of the Conference in their various resolutions expressed the desire it should be. That is what we hope to do, and that is the reason we use the expression "secretarial staff." You quite understand, I think, that we can make that arrangement without interfering with the responsibility or organisation of the office, but still in such a manner, I think, so far as it is capable of being done within the walls of the office, as to meet the wishes that the other members of the Conference have expressed. That is the meaning of the expression. I have no objection to one form or the other, because we can do either way.

Mr. DEAKIN: Have you any objection then to substituting "A portion of the staff under the direction of the Secretary of State for the Colonies which shall be charged with the duty"? I think it more correctly expresses it.

Sir JOSEPH WARD: I think it is better to leave it as it stands.

Dr. JAMESON: Do not you think that the further explanation which the Secretary of State has made shows that he is anxious to meet, as far as possible, our extreme views expressed the other day.

Mr. F. R. MOOR: Not extreme, but advanced.

Dr. JAMESON: Advanced is better. It is better to leave the word as foreshadowing what is coming at the next Conference to meet our views expressed the other day. I should like to see it remain.

Mr. DEAKIN: It is for Lord Elgin to consider.

Sir WILFRID LAURIER: I do not care how it is expressed so long as it is on Ministerial responsibility. That is the only thing I attach importance to.

Sir JOSEPH WARD: The point raised by Mr. Deakin is quite a clear one, and no doubt it would probably more correctly indicate what the actual decision is, but I have a preference for indicating a permanent secretarial staff.

Mr. DEAKIN: If you appeal to me on the ground of preference, I am bound to agree.

Sir JOSEPH WARD: Upon that ground I assume you will vote for it as it is.

Mr. DEAKIN: I will.

CHAIRMAN: Then it will stand as it is.

Mr. DEAKIN: Yes.

CHAIRMAN: Then we pass the second paragraph. The third paragraph we hope we have put into shape as regards words.

Sir WILFRID LAURIER: That will be the fourth paragraph now?

CHAIRMAN: Yes. The paragraph is "That upon matters of import-
" ance, requiring consultation between two or more Governments, which
" cannot conveniently be postponed until the next Conference, or involving
" subjects of a minor character or such as call for detailed consideration,
" subsidiary conferences should be held between representatives of the
" Governments concerned, specially chosen for the purpose."

Mr. DEAKIN: The only suggestion I have there is that in the last [illegible] instead of "the Governments concerned," which seems to point only to [illegible] of the Governments as are named in the first sentence, including only [illegible] larger self-governing States such as Canada and Australia, it might be [illegible] to substitute the word "any" for the word "the"—"any Governments concerned"—in order to cover the introduction of matters which are [illegible] Provincial in Canada, or purely State in Australia, or a mixture of [illegible] This would plainly indicate that it was in contemplation that members of both classes of Governments might, if necessary, take part in the subsidiary conferences when the subjects with which those conferences were dealing were wholly or chiefly within the domain of either State or Provincial Governments. The federal and local governments might both be represented when dealing with special subjects when they were within the constitutional powers of both sets of Governments.

Sir JOSEPH WARD: I think that ought to be done. I am just a little in doubt as to the intention of the word "chosen," always assuming, in the ordinary practical working of the respective Governments of the same countries, that Canada and Australia desire to have a conference upon an important matter, this Resolution rather supposed they would have [illegible] chosen by probably all the members of the Conference.

CHAIRMAN: No, chosen by each Government. It only meant it was not necessarily chosen under the restrictions of the Conference.

Sir WILFRID LAURIER: I am quite satisfied with the Resolution as it is. If I understand Mr. Deakin aright, what he had in his mind was that the State Governments of Australia or the Provincial Governments of Canada might have the power to come within the scope of this Resolution. For my part I, with all due respect, differ altogether from this. I think we should provide here for the Governments which are here represented. There may be differences in Canada or in Australia between the Federal Governments and the State Governments. I do not think this ought to be encouraged at all; on the contrary, for my part, I believe in one respect our constitution is better than that of Australia, in that the power is in the central Government and is not in the State as with theirs. Even in the best and most satisfied countries, like Canada at present, we may have differences of opinion between the Federal and State Governments. There is one at present between us and the Government of British Columbia, and Lord Elgin has authorised the Government of British Columbia to come here as to some matter which has been in issue between them and us, that is to say, between British Columbia and Canada. This will always be done whenever a Province or State appeals to the Imperial Government here. They are always sure to have a hearing, but I would, for my part, deprecate the introduction of anything which is not here strictly relevant to, and confined to, the relation between the Government of the United Kingdom and the Governments here represented.

Mr. DEAKIN: Am I to understand, Sir Wilfrid, that education is a wholly Provincial question in Canada, or is it also a national question?

Sir WILFRID LAURIER: Purely a Provincial question.

Mr. DEAKIN: Exactly. A conference may be desired in Great Britain, as there is, I understand, a meeting relating to education shortly to be held here to which representative men from the different Provinces of Canada probably, and certainly from the different States of Australia, are coming. Is if it were desired that a conference of that kind should be held, would it be well that it should be related, although in a different way, to this branch of the Colonial Office, which is to undertake the care of the matters relating to the self-governing Colonies? I feel the force of your observation as it relates to a conference, if one could imagine it, at which any difference between the National Government of Canada and its Provinces is to be brought forward. I can hardly imagine such a conference, and do not see a necessity for thinking it in advance. What was in my mind was the possibility of conferences in regard, say, to education, or to methods of administration of criminal justice, or hygiene, which are partly State and partly Federal, and which can come under both, or which were held as between our States and your Provinces, or some of them and other bodies. If a conference were held in regard to any of those subjects, should it or should it not be associated with this branch of the Colonial Office which has to deal with the affairs of the self-governing Colonies, and more properly mentioned here, or should it be looked upon as something apart and not in relation to this part of the Colonial Office?

Sir WILFRID LAURIER: I should conceive it as a conference quite apart. For my part I do not see the necessity at all for this last paragraph.

Fourth Day. 20 April 1907.

FUTURE CONSTITUTION OF THE CONFERENCE. (Sir Wilfrid Laurier.)

I think it is quite surplusage and means nothing at all. If you have a conference upon various things, either defence, or education, or anything of that kind, it will always be called as a purely voluntary body, as is done constantly. But if, on the subject of education, for instance, the conference to be called were to put in question the terms of the Act which at present puts the subject of education under the Provincial governments, any amount of mischief might be created, and therefore, I do not think it is a good thing. But if it be that the Conference is called simply to advance and promote education, or give a larger scope to it, I can quite understand that it would be a purely voluntary conference to give advice. I would be afraid under the terms of this Conference you might bring in political questions which would create very serious embarrassment to us.

Sir JOSEPH WARD: I understood this paragraph applied entirely to the governments represented by the Prime Ministers who are here, and it should not go beyond that. If it goes beyond that I foresee all sorts of complication.

Mr. DEAKIN: I do not press it then at this juncture.

Sir WILFRID LAURIER: I am satisfied.

CHAIRMAN: What is the result?

Sir WILFRID LAURIER: Let it go as it is.

Mr. DEAKIN: Yes.

Resolution I., page v.

CHAIRMAN: Then I put it that this Resolution is the Resolution of the Conference.

The Resolution, as amended, was carried unanimously.

MILITARY DEFENCE.

CHAIRMAN: We have now the advantage of the presence of the Secretary of State for War, who will give us his views. I think it will be the wish of the Conference that I should ask the Secretary of State for War to address us.

Mr. HALDANE: My Lord Chairman and gentlemen, I think it will be for the convenience of the Conference that I should state very shortly what the point is that seems to us to be most important for discussion and for arriving at some fairly clear conclusion.

To plunge at once into things, the effect of the war in South Africa made a profound impression on the minds of our advisers here. We realised that we had gone into that war without adequate preparation for war on a great scale, and that we had never fully apprehended the importance of the maxim that all preparation in time of peace must be preparation for war; it is of no use unless it is designed for that; it is the only justification for the maintenance of armies—the preparation for war. In consequence when the war was over, the then Government set to work—and the present Government has continued the work—to endeavour to put our modern military organisation into shape. In 1904 a very important Committee sat. It was presided over by a civilian who had given great attention to the study of military organisation, Lord Esher, and it contained on it

very distinguished exponents of naval and military views, Sir John Fisher and Sir George Clarke, as its other members. The Committee reported, and its report contained a complete scheme for the re-organisation of the War Office and of the Army. That scheme was adopted by the late Government and has been carried on by the present Government. One broad feature is this, that our naval organisation has been the one with which we have been conspicuously successful in the history of this country as distinguished from our military organisation, and, therefore, as far as was possible, the naval organisation was taken as a type. But the broad feature which emerged with regard to military preparations was this: Count Moltke was able to organise victory for the Prussian and German armies in 1866, and again in 1870, because he and the general staff working under him were free to apply their minds wholly to war preparation. That he was able to do this was due to the fact that the organisation and business administration of the army in peace were kept entirely distinct from the service which consisted in the study of war problems and in the higher training of the staff and of the troops. That was the principle recommended by the Esher Committee, and it culminated in the provision of a brain for the army in the shape of a General Staff. That General Staff we have been at work on for a long time past in endeavouring to get together. The task was not as difficult as it seemed at first, because the effect of the war was to bring to the front a number of young officers who had shown remarkable capacity and who constituted the nucleus of a serious and thoughtful military school. They were got together under the Esher re-organisation and virtually there has been a General Staff in existence for some time. But it was not until last September that it received formal and complete shape in the Army Order of that month. The General Staff is now a *de jure* body; it has been a *de facto* existing body for some time past. The result of this re-organisation, which is now complete, is that I am able to attend this Conference with certain distinguished officers who are with me to-day to furnish any information requisite. Sir Neville Lyttelton, the Chief of the General Staff, is by my side, Sir William Nicholson, the Quartermaster-General, is with him, and also Sir George Clarke, who played a great part in the Esher re-organisation, and who is secretary of the Imperial Defence Committee. I have also with me here General Ewart, Director of Military Operations, and General Haig, the Director of Military Training.

The practical point that we have to put before you is the desirability of [illegible]tain broad plan of military organisation for the Empire. We know [illegible]you have all got your own difficulties and the idiosyncrasies of your [illegible]people to deal with. No rigid model is therefore of use. But a common [illegible]se or a common end may be very potent in furthering military [illegible]sation. For ourselves we have over here worked out our organisation [illegible]definitely, and, indeed, the practical form of it is at present the subject [illegible]s which are before Parliament. This conception of defence is that the [illegible] should be divided into two parts with distinct functions. There is a [illegible]with defence as its primary main function, and it has no obligation [illegible] over the sea. That is raised by the citizens of the particular [illegible]ion of the Crown concerned, simply for the purpose of home [illegible]ce. There is the other part which exists not for local defence, [illegible]r the service of the Empire as a whole, the expeditionary force, which, [illegible]ountry like ours, must be naval as will as military,—and I go further [illegible]ay primarily naval. There is the Fleet, which, in order to make [illegible]efence of the Empire what we all hope and believe it is, and are [illegible]ced that it must remain if the Empire is to hold together, must [illegible]the complete command of the sea, and must be stronger than the [illegible]f any other Power, or, for that matter, of any other two Powers. [illegible]n conjunction with that there is an expeditionary force consisting of

regular troops which we have just re-organised at home. This expeditionary force, working in conjunction with the Navy, will be able to operate at a distance for the defence of the Empire as a whole. Behind that, which I call the first line, our conception is a second line consisting of those home defence troops of which I have spoken. The events of a few years ago showed that the Empire could act as a whole, and that in a supreme emergency these home defence forces would pour forth for the defence of something more than their own shores. But that rests upon voluntary effort and not upon any rigid pattern. Our main purpose in bringing this subject before you to-day is to emphasise the desirability so far as possible that these home forces of the various self-governing dominions of the Crown should be organised, if not to a common pattern—because rigidity of pattern we recognise is impossible with the varying circumstances of the various countries—yet with a common end in view and with this common conception.

At home we may have our territorial Army, if the scheme before Parliament just now goes through. That would be our second line. At home you, Sir Wilfrid, have your Canadian Militia, a creation which may be said in its function and purpose very much to correspond with what is in our mind in the territorial Army. Mr. Deakin has the same idea in his mind in organisation, and I think Sir Joseph Ward has also, and I believe the same idea is in the minds of the South African Premiers. So that it seems to me we have all of us got the broad idea of this distinction between the first, or expeditionary force, and the second or home defence line in our heads. If it were well worked out, if the fact is made to correspond to the idea, then it seems to me the Empire would be defended as no other nation in the world is defended, because its resources would be available from so many quarters. But in order to work on a common pattern it is necessary that we should have a common conception, and the common conception, a matter of great intricacy and great complication when you get to details, can only adequately be supplied by the most skilled advisers, and that is where the utility of the General Staff comes in. My main purpose in addressing the Conference is to suggest for your acceptance the opinion that the General Staff which we have created at home and which is in its infancy should receive as far as possible an Imperial character. I will define what I mean. It is not that we wish in the slightest degree even to suggest that you should bow your heads to any direction from ho in military matters, but the General Staff officer would have as his func this: Trained in a great common school, recruited, it may be, from most varying parts of the Empire, but educated in military sci according to common principles, he would be at the disposition of local government or of the local Commander-in-Chief, whether he Canadian, British, or Australian, or New Zealander, or South Af for giving advice and furnishing information based upon the hi military study of the time. The General Staff is a class by itse the Army. It is so with the German Army, and it is so with Japanese Army, it has just become so in the Russian Army, and it in the French Army. It consists of the most highly trained officers, pi men recruited for their known capacity, specially trained, and then de to be at the elbow of the commanding officer. The commanding of according to the theory of the General Staff, is unfettered; he ha complete power of accepting or disregarding the advice of his General officer, but he has at his elbow somebody who is there with knowledge, suggestion, with advice, furnished with all the resources which are sup from the central school from which the General Staff officer comes, na the headquarters of the General Staff. If I may put it a little mo concrete, I will take an illustration, if I may, founded in Canada. In Ca

you have made some progress yourselves with the idea of a General Staff, just as we have. You have, I think, some five General Staff officers in Canada at the present time. Now, as regards your General Staff officers, although you have a distinguished British General Staff officer with you, General Lake, there is no organic connection between what is your General Staff in embryo and our General Staff as we have just created it here. But supposing we were studying at home in the General Staff great questions of Imperial Defence, and, amongst others, questions of Imperial Defence in Canada, what an advantage it would be to us, and I think to you also, if we sent you a General Staff officer, in exchange for one of your General Staff officers, who should come over here and who should be working with us at the very problems which concern the defence of the Empire as a whole in Canada. And so with all the other affairs in the Crown's Dominions. It seems to me that we might broaden the basis of this General Staff which we have just created. It is a purely advisory organisation of which command is not a function. The beginning, of course, would have to be very modest. If these things were organised, and if we were to bring about such an interchange of officers as would tend to make the work of the General Staff in the largest sense the work of a military mind which had surveyed the defence of the Empire as a whole, it would, it seems to me, do much to bring about that uniformity of pattern in organisation and in weapons, and in other details regarding military matters, which is to some extent essential if there is to be effective co-operation in a great war. I have circulated four papers for the information of the Premiers. It is not probable in the pressure of other business that you have all had time to read them.

Mr. DEAKIN: We only received them when we came here this morning.

Mr. HALDANE: But I can give you in a few sentences the substance of them, and it the less matters if they have not been extensively read, because we are not proposing that they should be adopted as representing any hard-and-fast view.

The first of those papers, which are prepared by our experts here, deals with "the strategical conditions of the Empire from a military point of view," and it calls attention to the three great principles on which I touched—first of all, the obligation of each self-governing community vide, as far as possible, for its own local security; secondly, the duty nging for mutual assistance on some definite lines in case of supreme n need; and thirdly, the necessity for the maintenance of that sea nacy which can alone ensure any military co-operation at all. Then aper goes on to indicate what we are trying to do in making our bution to this end: first, organising troops for home defence to repel that is the territorial army; secondly, a striking force, an expedi- force is the proper phrase—the striking force is that small portion of it ed to act swiftly, and ready to assist any portion of the Empire; , a navy capable of maintaining command of the sea. Those ples may be said to represent the result of our reflections upon ents of the late war.

he second paper points out the importance of assimilating as far as able war organisation throughout the Empire, and of adopting a n system of nomenclature in regard to such organisation. The value assistance which the self-governing Dominions may offer in the future mother country will be much increased if it can be given in the form ch it can readily be fitted into the organisation of an entire army in ld. On that I should like to emphasise the absolute necessity of g our attention to this in times of peace. It is too late when war

breaks out. You are at an enormous disadvantage if you commence to organise in concert for the first time after the breaking out of war. The third paper relates to the patterns and provision of equipment and stores for Colonial forces. The chief point made is that it is essential that the small arms supplied to any force which may have to act side by side with troops from the United Kingdom shall fire the same ammunition as that supplied to the latter. A difference in ammunition is one of the greatest curses in war time. This paper also emphasises the necessity for the provision of adequate reserves of stores in peace time. The fourth paper urges the desirability of the self-governing Dominions, where possible and without interfering with their own arrangements, giving their orders for ordnance stores, particularly arms and ammunition, through the War Office, and it points out that expedition and economy are likely to be secured if this is done. That is a business matter for discussion. There is a great deal to recommend it when you come to work it out in detail.

A very important thing touched on in this connection is the training of officers. We are just now endeavouring to organise a reserve of officers. We have had a Committee sitting which has presented a preliminary scheme, and I know that the question is also engaging the attention of the self-governing Dominions at this time. If we could do something to make that reserve of officers Imperial in the same sense as the General Staff is Imperial, so that you could give us from your reserve assistance in time of a great war, I am sure it would be a great source of strength. Besides, I need not point out that any organisation of this kind is of the very greatest assistance to peace, because it profoundly impresses the mind of foreign General Staffs, who cannot be sure what reserve we have behind us when we have troops and officers organised over this tremendously wide area. The general point made in this paper is that to attain these objects probably the most desirable of all courses is the one I have indicated, that the General Staff should be Imperial in the widest sense; and we point out that we shall welcome Colonial officers in its ranks very cordially, and we shall be very glad to send officers to you to take their places in it. We do not want to ask you, unless you wish to do it, to double the number of your own officers by sending some here while you have to provide for other officers in their places at home. If you like we should be very glad to send out General Staff officers to take the places of those you send to us and in that way to provide a circulation. Our [illegible] object must be to make the General Staff an imperial school of mi[illegible] thought, all the members of which are imbued with the same tra[illegible] accustomed to look at strategical problems from the same point o[illegible] and acquainted with the principles and theories generally accep[illegible] headquarters.

The Imperial Reserve of Officers is a thing which I think may be discussed in detail. It is so complicated that I do not think we profitably go into it in this very short Conference; but on all those poi[illegible] War Office is a home for you so long as you choose to be here; and if the gentlemen present who would like to follow out these things m[illegible] detail will come to us, we have prepared all the information. We sho[illegible] very glad if, for instance, Sir Wilfrid Laurier and Sir Frederick [illegible] will communicate with us, either personally or through General Lak[illegible] upon these points of detail as they come up; and I wish to say the san[illegible] regard to the other Premiers.

I think I have really now put before you the general points. Th[illegible] some minor ones, which again are matters for discussion in detail. get into the field together it is very desirable that we should be un[illegible] military code, and as far as possible we ought to arrange that whatev[illegible] arrangements may require in time of peace, it should always be kept

that for discipline there should be a certain military code in operation in time of war. How you would deal with that is rather a question for you. One knows the delicate susceptibility of people about anything like military rules in time of peace, but probably you, with your Legislatures, can solve these problems quite as easily as we can.

I think I may conclude by making a suggestion of the extent to which we can go in this Conference in a practical direction, I mean so far as this particular Conference is concerned. The working out of details, as I have said, may well be done with Sir Neville Lyttelton and the General Staff at the War Office, and General Nicholson, the Quartermaster-General, is ready to assist in matters of administration and questions connected with it. But it does seem to me that it would be a great advance if we could agree upon a resolution in this Conference focussing the broad purpose. As I have said, we know that this thing must be founded simply upon the attaining of a common purpose, the fulfilment of a common end. It cannot be by the imposing of restrictions or by rigid plans which might not suit the idiosyncrasies of particular countries. I have drafted some words emphasising the question of the General Staff as the point, as the key to the attaining of the working out of the common purpose, which does seem to me to be possible as a common basis without in the least interfering with individual liberty. The resolution I have drafted is before you. I would like to say that if it is agreeable to the Conference to adopt some such resolution as this, I should not desire that we should stop there, but I should suggest that you should send your experts over to the War Office to confer with our General Staff, and any other department, as to the way of making an immediate beginning in carrying out the broad principle which the resolution affirms.

Sir FREDERICK BORDEN: My Lord, Mr. Haldane, and gentlemen, I am sure we have all been deeply interested in what we have heard from Mr. Haldane, and I may say in a general way that I am in very close sympathy with all he has said. There seem to be two ideas involved in the consideration of this matter. I will not say the chief, but certainly the first is the question of the defence of the different Dominions beyond the seas—I am not speaking now of these islands—particularly the defence of those Dominions against attack from without; secondly, as I understand Mr. Haldane, the agreement upon some method by which preparation might be made within those different Dominions for effective co-operation with the naval forces of the Empire in the event of any severe strain or stress arising which would involve the integrity of the Empire. The first proposal is very easy, and I think, so far as most of the countries represented here are concerned, is being carried on to a greater or less extent. In Canada, without waiting to dwell in any detail upon what we have done, I think we have there made considerable progress within the last 10 years, and certainly a great progress since this Conference met five years ago. It should be pointed out at once, that so far as the Dominions beyond the seas are concerned, at any rate so far as Canada is concerned, we have no authority under our Militia Law to do anything beyond expend money and make preparations for the defence of Canada itself. We are absolutely limited in words to that. We cannot call our Militia out for active service for any purpose beyond the defence of Canada. Although Canada took part in the troubles in South Africa, it was done by a force which volunteered specially for the purpose and made a special contract for that purpose. I do not see very well how any responsibilty could be undertaken to supply any force for any other purpose without an amendment in the law. Further,

there is a provision within the law of Canada that if it is desirable to contribute a force to Imperial defence abroad, Parliament shall be called together, the idea being that each case shall be dealt with when it arises.

Now I come more to the concrete part of Mr. Haldane's statement, particularly to the most important proposal, the resolution which we have before us, with reference to the establishment of the General Staff. I would like to know exactly, if I could, whether it is intended that the General Staff which is responsible to the Home Government and to the Army Council and the Secretary of State for War, is to be linked in with General Staffs in the different parts of the Empire, or whether this central General Staff is to have independent authority throughout the Empire and in the different Dominions.

Mr. HALDANE: Not independent authority. It would be a training school which would send out and lend out experts. Members of your local General Staff might also be members of the Imperial General Staff.

Sir FREDERICK BORDEN: It seems to me that that is a most important consideration. I would certainly favour it strongly, and as you have said, Mr. Haldane, Canada has already established a General Staff in embryo, and we hope to develop it. We recognise the absolute necessity for the existence of such a body, but it really seems to me we should have our own General Staff responsible to the Canadian Government—and in the same way, all the other Dominions—which might, as you suggested, I think, exchange officers with your staff; but I scarcely think it would do to have officers in the different Dominions who were responsible in the first place to the Secretary of State for War here.

Mr. HALDANE: The Imperial General Staff for this purpose is a purely advisory body.

Sir FREDERICK BORDEN: So long as that is understood I wo concur in that view, and I am very strongly indeed in favour of the i exchange of officers. I think we should do that, and we are doing it be the different departments of the various services of this country an Dominion. I think, however, it is absolutely necessary that that should be thoroughly established, because I can see difficulties in the w an officer, for instance, in Canada considering himself to be in a positi advise, whether directly or indirectly, the War Office, without respons to the Minister who has charge of such matters in Canada and w responsibility to the principal military authority there. I do not w elaborate that point any further, but I am glad to know that you e concur in that view.

Mr. HALDANE: Certainly, and a memorandum will be drawn Sir Neville Lyttelton which will be submitted to you making that pe clear in detail, if we agree to carry this resolution into effect.

Sir FREDERICK BORDEN: I will not detain the Conference by going into detail. I have read the paper proposed by the Army Council for discussion, and so far as a layman is able to express an opinion, it seems to me to be an admirable paper and one in which I thoroughly concur. There are, however, one or two points which I would like to mention, and one is in connection with the very first paragraph, where it is laid down that the fundamental principle of the maintenance of the Empire rests primarily on supremacy at sea. We must agree in that view, and in that connection I would like to submit the advisibility—the necessity, perhaps—for the establishment in the different Dominions of factories, which will be able to manufacture arms, for instance, and guns and ammunition, and so on, which would render those communities safer in the event of the misfortune occurring of the sea control being temporarily lost. I noticed in one of the other papers submitted some reference to the necessity for having the different parts of the Empire—the forces of the different parts of the Empire—armed with the same weapon, or at any rate with a weapon using the same ammunition. In Canada we have encouraged the establishment of a rifle factory, which produces rifles firing ·303 ammunition, although the rifle differs somewhat in mechanism. I would like to say here that I did my best to induce one of the factories in England to establish a branch in Canada some years ago to manufacture the Lee-Enfield rifle, but failed. I had to do the next best thing, that is to get someone who was willing to establish a factory, and that has been done, and we hope, although there has been some difficulty, that a very good rifle will be issued, and, in fact, it is now being issued to the troops. It seems to me, although nothing has been said about that in this very important paper, that that is a matter worth bringing to the attention of this Conference, and that encouragement should be given to the different Colonies to bring about the establishment not only of small arms factories but of factories which would manufacture ordnance as well.

With regard to one other matter which, as Mr. Haldane said, is a matter of minor importance, that of purchasing through the War Office such military stores as may be required, in the very connection which I have just mentioned I would like to say that in 1900 Canada wanted to purchase a considerable number of rifles here. I think I wanted to purchase 15,000 rifles. I found it impossible to secure a single rifle. After a time I was offered me 5,000 if I would wait long enough. That is a condition of things ich may arise—we hope it will not—at any moment, and that is another ument in favour of having an independent source of supply within the minions themselves. It is also a reason why we should not be tied up olutely to purchase either from the War Office or through the War Office. gree that so far as possible it should be done. I agree absolutely that hould purchase the same types of guns, and guns that will use the same unition. So far as Canada is concerned, we made a contract some years ith Vickers, Sons, and Maxim for the new artillery gun, and I believe irst delivery of those guns was made to Canada, but we were very l to impose the condition that the guns must be in every detail first ted by the War Office, and that the price we should pay should be the paid by the War Office. I cannot see that there is any disagreeable etition in that. It has been suggested—perhaps not in those papers—ve are competing really with the War Office in giving an order of that There can be no competition when we lay down as a very first iple that the price is to be the War Office price, and also that the gun be precisely the same gun. Those are perhaps matters of detail, thought it only fair that I should make a statement as to what has ly happened in that respect.

ow, in conclusion, I have only to say that I am sure there is, so far as anadian people, and so far as the Canadian Militia are concerned—and

this will apply to all the military units of the Dominion—only one desire, that is, to prepare in every possible way for the full protection of our own territory. We have shown, by relieving the War Office of the responsibility for the maintenance of Halifax and Esquimalt, how far we are willing to go, and I think we showed a few years ago, in the contingents that were sent to South Africa, what the spirit is that animates the people of Canada when the Empire seemed for a time to be in peril. I only wish to add that I believe thoroughly in the idea suggested here as to the adoption of uniform organisation throughout the different parts of the Empire. There can be no difficulty whatever as to that. We in Canada have so organised our militia system from top to bottom, so far as we could do it. In the main we have adopted the principle that it is absolutely desirable that we should follow the lead of the War Office in all matters of organisation, provided you do not change too frequently here, so that we cannot keep up with you. There can be no difficulty in doing that, and it is certainly a desirable thing to do. I believe thoroughly in the exchange of officers. I absolutely concur in the ideas expressed as to the education of officers. We are very glad indeed that the War Office here is giving us certain facilities in the matter of educating our officers which we are trying to take the full advantage of. Altogether, I think that matters are working very harmoniously, and I see no reason in the world why a great deal might not be accomplished in the way of preparing for any supreme struggle which might take place—which we hope will not take place, but which may take place—in the matter of keeping in close touch with the organisation here in England, and in the matter of exchange of officers, and of bringing about a better understanding between officers and military affairs in the different Dominions and the central organisation here in the British Islands.

Mr. DEAKIN: My Lord, and Mr. Haldane, it is true that I have not seen one of the papers laid before us this morning, but have no doubt that has not been due to any omission on the part of your officers. Owing to the circumstances under which we are assembled, I have already had occasion to mention casually that on arrival we were overwhelmed with a mass of printed information, the value and extent of which I have already acknowledged, but which, under the circumstances of pressure which prev are really, though in our possession, beyond our reach; so much so, th occupied as one has been with the question immediately preceding this, I not even aware of the existence of these valuable papers. The mere gla I have been able to give to them discovers that they are indeed most us possessions of this Conference. These will take a high place, I bel among the sources of knowledge which, after this Conference, will be pl at the disposal of the public of this country, and particularly befo public of our own countries, where I am sure the study of these paper be of the greatest value to us all. Then we have been indebted t masterly and luminous exposition of the principles of military defence, v we have had the privilege of hearing from the Right Honourabl Secretary for War. I trust that my colleagues on the Conference wi shudder if I venture to suggest that the sooner that statement gets i to the public of the Empire the better. Unless there be some re not apparent to me, I do not know why it should not at once appear a communicated to all who are interested in it. That, again, will be a house to which we can refer for the elucidation of many matters. A my own part, I wish that it would reach every citizen of all our domini

It is not necessary, especially after the inquiries and criticisms friend the Minister of Defence for the Dominion of Canada, to dwell

the various points on which it can be suggested that the propositions submitted to us to-day might impinge upon the determinations of the Governments and Legislatures of the Dominions here represented. For my own part I feel no anxiety on that score, because the address which you delivered, Sir, displayed at every point a most distinct appreciation of our susceptibility. You made it perfectly clear that what is laid before us comes in the way of counsel, expert advice, well-matured advice, backed up by knowledge, but simply advice, which it would be well for all our Parliaments to take into consideration. That broad general principle having been established I do not propose to dwell upon it in detail. So far as I follow it, that is not necessary. In particulars, we have the advantage of the comments of the Minister for the Department of Defence of the Dominion of Canada, who is necessarily much more in intimate relation with this matter than either my colleague or myself. We are associated with departments of peace and not of war, and the knowledge that we enjoy is that which is general to all members of the Cabinet. Still, I have been sufficiently informed by my colleagues through their advisers to be able to appreciate the fact that you have covered the whole ground upon this question. Besides that you have touched upon some matters which it is our desire to have specially considered. So far as I am able to judge, the proposition for the future use of the General Staff is one of as much importance as it is of obvious magnitude. The General Staff is supposed to be the brain of the Army. Any proposition which would extend its activities or permit us to share them, would be heartily welcomed in the Commonwealth. A General Staff, such as we possess, naturally occupies itself with those problems which are peculiar to Australia and its very special situation. At the same time we quite realise that any situation, however special, requires to be dealt with in the light of certain general principles, and particularly of the latest developments of martial methods and organisation, and consequently I anticipate nothing but great advantage to us from any association with the General Staff. That will arise in a variety of ways under other proposals which have been brought forward. In the list of subjects laid before us the General Staff is properly put first, and really the particular questions afterwards suggested, are, many of them, to be dealt with, if not by the General Staff, at all events in the light of its studies. Passing then to them, we find the first matter submitted is our adoption of ilar armaments, and that is, I think, fully recognisable even by a layman one of the essentials of effective imperial defence. We say yes to that posal, so far as it can be carried out, without the slightest hesitation.

Next, apparently a little out of its logical order, comes the proposal for nterchange of units, which in our case appears almost impracticable. reat distance which separates us not only from this country but from any lominion in which such an exchange would be proposed, is one obvious e, but a greater obstacle is that our force of permanent men is relatively it consists of well-trained experts whom we should be loth to part nd a unit in that sense we could hardly spare even if its position was voured to be taken by an equally competent unit abroad. We have no le objection to urge to this proposition except in our own case the n of its practicability, that is as to the unit. As to the interchange cers, I am specially asked by my colleague the Minister of Defence Commonwealth to press for an extension of that principle. We at t enjoy the privilege of exchanging with Canada and with India and ourselves, single officers, sending to you and you sending to us. We at in every way a useful practice, but we desire to carry it out on a scale, that is larger for us because ours must be on a small scale as I not remind you. The proposal which you have made with reference to

the exchange of officers representing our General Staff and those of the General Staff of this country, exactly fits in with another request which we intended to prefer. This was that officers of higher standing than those which have hitherto been exchanged should be exchanged. It has been pressed upon me by my colleague that, if possible, these officers should not simply be attached to other men in this country of the same rank who are doing the work. We wish, if possible, that our men should be put to do the work; they may fail or they may do it imperfectly and that will have to be provided against, but we believe that without the actual pressure of active responsibility upon them you will not test their capacity and they will not learn the limits of their own knowledge. In the matter of interchange, I think you will find the most cordial approbation of your proposition from the Commonwealth and its Defence Department.

There is a question to which you have not referred, a minor question, but which arises in that connection with regard to the relative rank of officers in the forces of the Outer Empire and the forces of the Inner Empire. On this we hope to have the advantage of your counsel. As to the establishment of military schools, in that respect as in others, we are envious of the advance of our friends in Canada, and recognise that the course they have taken is one dictated by sound policy and experience. Our own difficulty is that the establishment of a true military college implies a minimum number of regular students year by year, whom at present we hardly see our way to obtain, because of the want of adequate opportunities for such a number afterwards within our own forces. We appreciate the high class training which is obtainable in this country. It is more up-to-date than we could expect to be, but at the same time our circumstances are special. Take first of all the task of self-defence which is touched upon in that very valuable memorandum. The defence of Australia means operations at such distances relatively to those of the United Kingdom, such enormous distances among a population, except upon the coast, so sparse, with difficulties of transport, transit, and concentration, all of them so absolutely altered by scale and circumstance from those of this country that, for the purposes of our own operations within the Commonwealth, the training of your colleges would require to be supplemented by practical training of our own. That raises particular issues upon which it would not be proper to detain you now, but it is perhaps as well to mention some of them. The need of adaptati[on] is especially manifest in a democratic country such as ours, in which [the] officers are chosen from all classes, in which eighty-nine one-hundredth[s] them, like ninety-nine one-hundredths of our citizen forces, are compose[d] men who earn their own livelihoods by other callings. They devote t[heir] spare hours to defence purposes, and that earnestly, as well as most genero[usly] becoming more effective in fact than they might appear to be, judging [them] merely by the tests of military parades. In Australia we have been subject to mockery because we have followed so closely some methods [of] Imperial forces. As fast as they Germanised we Germanised, unti[l] military experts have criticised us for failing to adapt our drill and ope[n] to the country in which our men will require to act, dwelling too muc[h] getting them upon parade in exact line, at the exact angle, with the [same] cap and belt. I admit that probably we are open to some of these crit[icisms] but are beginning to realise that there must be a greater amount of ada[ptation] to our particular circumstances.

The question of military education generally is serious. We s[ee] way to what those who advise us on these matters tell us is a su[itable] military training for the men, with little alteration in our present s[ystem] mainly because none of our men are pressed men, all are volunteers [who] join because they have an enthusiasm for the work. The consequence

many of our commanders, men of experience, tell us that they find with our men a rapidity of progress, a readiness to submit to discipline and a promptness in acquiring technical knowledge which they are not accustomed to find elsewhere. That is because every man takes a pride in his task and throws himself into it, because it is his chosen pursuit in addition to his ordinary labours. But while we feel hopeful about our men, we see that our weakness lies in the officering of such men. We recognise what you have wisely said that the most essential need of the Army now-a-days is of the up-to-date, intelligent, self-dependent military officer with a capable knowledge of his business and yet not a slave to the rules and theories of the study. Any advice upon that head we shall be most willing and ready to hear, because we recognise that this is the direction in which we most need to improve.

The other point upon which Sir Frederick Borden with whom we quite sympathise dwelt, is the wisdom of our making provision to supply our own needs in times of emergency. I am happy to find, from my hurried glance, that the paper headed "Patterns and Provision of Equipment and Stores for Colonial Forces," states in paragraph 6 that the Quartermaster-General and the Master General of the Ordnance recommend that: "It is most desirable that the area of supply of the warlike stores "under reference should be as wide as possible, and, therefore, the Colonial "Governments should be urged to arrange for local manufacture and "provision rather than to rely on the resources of the United Kingdom."

Sir FREDERICK BORDEN: I had overlooked that, sir.

Mr. DEAKIN: That recommendation exactly supplies what Sir Frederick Borden was desirous of securing, and also supplies what we feel in our remote position to be still more urgent. Our friends, Sir Wilfrid and Sir Frederick, in contrast with us, reside in the centre of modern civilisation with highly equipped nations all round them; by rapid communication they are kept in a few days in touch with all. Our position at the other side of the globe, surrounded alien races to whom we cannot look for aid or assistance in this matter, or eed in any other, and far from any sources of supply of arms and material war is very different, and we feel its urgency. We have an ammunition tory already in Melbourne, but although that meets our demand for small s ammunition, we do not obtain a satisfactory cordite supply. We have under review, and intend to propose to our Parliament, such an extension ur local production as shall enable us to cope with future demands some s ahead. We have an ammunition reserve, of course, but in addition se to cope with our demand by factories of our own. I propose at an date to ask your colleague, the First Lord of the Admiralty, whether ll not be possible for us, with advantage to the Admiralty, and with tage to ourselves, to enlarge any ammunition factories which we may le to establish so as to afford the Admiralty some of the munitions it will in time of war. Needless to say, if we are cut off from sources of supply hips of the squadron in those seas are cut off also. If they are employing ammunition, as it is to be hoped they would be most effectively on any e ships with which they have to deal, the question of re-supplying their , without a visit to a very remote base, would of course be a very derable matter for them. It would be an important matter for us if n lease or establish a factory on such a scale that its output in any year may be sufficiently large to make us independent of any of the nable requirements of war. That is to say, our factories to be reliable

must be of a certain power. We can have a factory for ourselves, but it must be on such a scale that in time of war its complete output might prove utterly insufficient.

If, however, we are able to supply your naval requirements, or some of them, at your own rates, that is to say, the rates you would otherwise pay, making a fair allowance for any differences, that would be of great advantage to us. We do not want to make any business profit out of it, but we desire to have a factory always at work and on such a scale that when the time of war arrived it might readily be enlarged to meet even war necessities.

As regards the arms, Sir Frederick Borden has anticipated all that it is necessary to say. We have been driven to do business with private suppliers simply because the War Office could not supply us. Whenever we wanted arms the War Office wanted them most, and they had them first.

Mr. HALDANE: I think that was during the war, Mr. Deakin. I may say that just now we shall be only too glad to execute orders for any number.

Mr. DEAKIN: Exactly, you are always ready to execute orders when neither of us is under pressure. That is what has driven us outside. We know the value of the War Office criticism, but we also know that the War Office looks after itself before it looks after us, and when it is eager for arms or ammunition we have to wait. Any arrangement which can overcome that and put us on a basis that for any reasonable demand we should be entitled to a certain proportion of your output of anything we do not make for ourselves, would be a great improvement. Just as you wish to know in advance what support you may expect from each part of the Empire, each part of the Empire is entitled to know what support in the way of arms and material it is entitled to expect from you in emergency.

Mr. HALDANE: I think we can do business on that basis.

Mr. DEAKIN: I hope so. I may say we do not take a narrow view of our military obligations or their development. The movement the public with us are taking to most kindly, and which has most promise connection with our military strength, is the Cadet movement. We hope have at least 30,000 cadets next year under training without counting th who have already passed through, and my colleague, who is sanguine, thi we shall have 40,000 or 50,000 in a short time. They get a fair training w handy little rifles, amongst others the Westley-Richards, which is in fav We had tenders a little while ago in which a Belgian firm who ma specialty of such rifles offered to supply these Westley-Richards at 37*s.* or 37*s.* 6*d.*, whereas from Great Britain they wanted 39*s.* We too 39*s.* weapon without a moment's hesitation. That was to help B industry to turn out British weapons for British men. Although we ha complaint against Belgian workmen, it is not our business to encourage factories when we can help factories for the manufacture of small arms We do not take a biassed view, but where we cannot supply our own we do desire to support the factories of this country.

The training of cadets, of course, is a matter which will tell mo the future than in the present. We are passing them through now rate of some 16,000 a year. In our largest State, New South Wale colleague reminds me that they have been passing them through a rate for a number of years. The consequence is that in a rudim

knowledge of drill, getting them well set up, used to simple formations, and handling the rifle, they do very well. Rifle-shooting is rather a national pastime with us; it is favoured everywhere. I have had made, and shall be glad to hand in three maps, one showing that in every quarter of Australia there are rifle-clubs in active practice—from the extreme north at Thursday Island to the extreme south, Hobart in Tasmania, and to the extreme west in Perth. Wherever there is a settlement there is a rifle-club or there is going to be a rifle-club, and although we have not yet associated that movement with formal drill the desire to have rifle practice and be a good shot being strong, we have great anticipations. I will show you on another map that wherever there is a settlement, and almost wherever there is a school, there is to be a cadet corps in active operation. There is some kind of drill in every school. I will show you another map which exhibits every detachment of our forces, whether it is Artillery, Mounted Infantry, Infantry, or permanent forces, in different colours. You have only to look at the map to see in an instant what and where our forces are.

The question of patterns, the question of purchase of material, and the Military College having been touched on, the only matter remaining is a permissible parallel between the General Staff and the Committee of Imperial Defence in respect of which a Memorandum is laid before us. I am happy to know that you have complied with the request we have made, to be somewhat more practically associated with this Committee, just as we desire a practical association with the General Staff. I find that your Imperial Defence Committee bears an analogy to this Conference itself, except that we are represented politically. Both are devised to facilitate common discussion and agreement, to advise in the case of questions of local or general concern which may be referred to us, and to bring experts into direct touch. Both are purely consultative bodies having no executive powers or administrative functions when national and colonial questions are discussed. We have already enjoyed the benefit of the advice of this Committee, generously given when it was asked by our Government in 1905, and we have now gained the further advantage of permission to send a representative to it when any questions we submit are to be dealt with. I would like to add that as this is the Committee of Imperial Defence, covering both military and naval affairs, we shall hope to be represented here occasionally. Although it is easy to put a question, it is not always easy to put it without undue prolixity in indicating precisely where our difficulties lie. We obtained a valuable report from the Committee of Imperial Defence, but it did not answer a number of queries in which we were specially interested, and which we hoped to receive advice upon. Now that we have permission to have a representative enabled to attend the consultative committee, we shall be able to point out just where our difficulties lie. Your reply would not be as the last was, most admirably framed from a general point of view, without meeting some of our particular difficulties at that time.

In conclusion let me once more say that your broad-minded view of imperial possibilities in the way of military defence, and the way they can be utilised, is not only of the highest interest to us, but I can assure you will be practically reviewed in relation to our own circumstances with the greatest possible desire to co-operate with your office in the great projects you have clearly outlined to-day.

Sir JOSEPH WARD: My Lord, the value of the meeting of the Ministers from the self-governing countries will be enormously enhanced by the outcome of the discussion and the information which has been

afforded to us to-day in regard to the defence of the Empire. I wish to say on behalf of the country I represent that I look upon it as of very great importance to have heard the views of His Majesty's Ministers of the United Kingdom upon this great question of the defence of the Empire. I have read some of the papers—not all of them—very closely, that have been furnished by your staff and I endorse the sentiment already expressed that they will be most valuable, although some of them are of a confidential character, for the information of Parliament as well as for the guidance of the administration that it is my privilege to represent here.

I would like to say I clearly understood from the observations of Mr. Haldane that what is suggested by him is in the direction of suggestion and not anything binding on the part of the Colonies. What they may do will be of their voluntary act or of their voluntary co-operation and assistance in the direction of assisting and bringing about a general scheme that would be of advantage to the Empire as a whole. I am not going to take up the time of the Conference at any great length. I want to say that the aspect upon one point put forward by the Minister of Defence of the Dominion of Canada, as to the powers of his country to incur responsibilities outside of his own Dominion, apply with equal force to New Zealand. We are responsible for the expenditure incurred for the protection of our own country. Our people in the past have shown their readiness and will do so upon every occasion in the future, I have no doubt whatever, to adopt flexible conditions to meet extraordinary circumstances should they arise. Upon some of the points referred to as to the obligations upon the Colony, my colleagues in New Zealand, and Parliament itself, will, I am confident, ratify and would undertake them in order to bring about a stronger and a better system for the general defence of the Empire. I do not purpose to go into details regarding the several suggestions. Reading them as a layman, though holding the position of Minister of Defence of our country, the proposals in the Memorandum signed by General Lyttelton are very valuable, and, generally speaking, those strategical conditions from the military point of view, our Colony would, I think, endorse. It is made very clear that it is the opinion of the General Staff, not the opinion of the Government of the United Kingdom. So far as trying to bring about uniformity from the expert point of view, I think the Council of Defence which we have established in New Zealand upon lines similar to that of the Old Wo would be very glad to co-operate with the military advisers of the Brit Government, who have in this Memorandum given most valuable suggestio The possibility of assimilating War organisation throughout the Empire high and worthy ideal to aim for. It is of the first consequence to Brit itself to have a thorough organisation within its own borders as it is throug the Empire for the purpose of maintaining its own position and that o outlying possessions. We would be only too glad to co-operate in ord bring about that assimilation of organisation throughout the Empire.

In reference to the desirability of having uniformity in pattern provision of equipment and stores for Colonial forces, generally speak concur with the reservation which is made in No. 6, which I think Mr. D quoted from that Memorandum, where it is suggested that war store materials should be obtained if possible through the War Office so long is recognised that we have the right, if we go for the same quality of a nition, to make it in our own country—with that reservation I cor endorse the sentiments expressed in respect to that. We already m large quantity of ammunition in our own Colony for our own use, a are likely to extend it. The suggestion contained in some of these randa as to our using the same class of arms and ammunition is important in view of any contingency that may arise in the future calli

common action outside of our own country, when we may require in an emergency to send our own men and our own arms to another country for the purpose of common defence to fight an enemy.

I would like very much to say that upon this question of the interchange of units and officers I hold a most pronounced opinion. Unlike my friend Mr. Deakin, I think that New Zealand could arrange for interchange of units. We have the Volunteer system there; we have for years had all the ordinary organisations referred to by Mr. Deakin in the matter of cadets and rifle ranges, and these are being excluded for private citizens all over the country. In connection with our Volunteer system, the only trouble we have is to keep the numbers down. All over our country we have the very best class of men offering to join our Volunteer corps. They are encouraged by men in every responsible position you can name in the country. Our captains of industry, our kings of commerce, the members of the Administration of the day, and the officials connected with our important State departments and the rank and file of these departments realise that it is upon the popular basis of a Volunteer system that we have to provide for the internal defence of our country, and in the event of trouble arising they are our source of internal defence, and we encourage it in every possible way. Now I have no doubt in my own mind that if there were—perhaps not in an extensive way in the first instance—an interchange of units of volunteers from both parts of the world, I do not say with the militia, because we have no militia in New Zealand, but if there was an interchange of units, as between the Old Country and ourselves, I have no hesitation whatever in saying that we would be able to get from time to time a body of men, not from any one particular part of the colony, but selected from various portions of it, with the instruction and the information upon detail so essential in times of trouble so that they may come back, and by permeating the country, so to speak, be able to inspire and infuse into others something of the enthusiasm you are trying to inspire in the Old World, and it brings about a feeling that the interchange of individuals amongst the rank and file tends certainly to a desire for unity and a desire for co-operation, and that that is not to be confined to the officers only.

Mr. DEAKIN: What about their livelihoods?

Sir JOSEPH WARD: I was just going to touch upon that. For my I should be prepared, and I am quite satisfied my colleagues would, to hat a Volunteer company coming to the Old Country for the purpose of nterchange of practice and ideas, should be paid reasonably to enable to do so, and the same system might with advantage apply in England . We need not aim at doing it on an extensive scale, but my belief is it would be worth trying with the idea of bringing about that ality expressed in these important papers. The desire voiced by the tary of State for War to-day to try to have co-operation for the purpose fending the Empire in times of trouble or stress is well worth working

Mr. DEAKIN: That does not put them back in their old employ- ; you pay them while they are away, but when they come home places are taken by other men unless you make some extraordinary sion for it.

Sir JOSEPH WARD: That is so, but the same thing applied during the time of the South African War in all our countries; we had many men giving up their ordinary occupations and going out to fight.

Mr. DEAKIN: Many of them suffered for it afterwards, too.

Sir JOSEPH WARD: No doubt that is one of the difficulties that unfortunately are inseparable from the troubles of war, and I do not quite know how you could, in the event of Volunteers occupying a position of complete dependence in the country who would desire to come here for instruction, arrange for the continuance of their appointments in their own country until they returned. That to a large extent would have to be a matter for them to consider.

Regarding the interchange of officers, the suggestion of Mr. Haldane upon that is a most valuable one. We are doing it now to some extent at the invitation of the War Office; we are sending some of our officers now from time to time here for purposes of instruction, but if they were to provide now, which I understood to be referred to by Mr. Haldane, for allowing responsible officers from here to go out paid by the Imperial Authorities to take the place of the responsible officers we have in our country paid by us, so that in the interval the void created by the despatch of our officers to the old country would be filled by the men from here, both countries paying their officers, that is, that we paid ours and you paid yours, the purposes of information and instruction of officers and, in my opinion, it would be most valuable indeed. Up to now we have really had nothing of the kind. It seems to me that if we could have Imperial officers coming out to our country and our Colonial officers coming home here, each temporarily filling the position vacated by the other, it would, without additional cost to our respective Administrations, enable the changing of these officers to be going on for all time I should say, until that splendid scheme which is in all our minds of a common system of organisation with a view to having, in time of trouble, uniformity in all respects and consequently greater efficiency. A highly educated Empire staff from all sta points is desirable. I should most heartily support that from the standp of New Zealand.

This Resolution which I have read carefully, while not expres anything binding upon our respective countries, and which may re to be altered in some respects, would be a good thing for us, a representatives of our respective countries, to affirm. It would show events that this Conference of responsible men meeting here "without the Resolution itself expresses it) "wishing to commit to immediate " any of the Governments represented, recognises and affirms the ne " developing throughout the Empire the conception of a General " recruited from the forces of the Empire as a whole." I am prepared to support a resolution of that kind. It does not take away us the all-necessitous requirement of our own staffs being responsib their own Governments, of the control of our own staffs. It does ex a desire that we should recognise and affirm the need throughout the E of having a General Staff recruited from the forces of the Empire whole, and for my part I most cordially support that. Sir Frederick H has well expressed upon some material points the views that his G ment entertain in the matter of protecting their position. Natural

all require to do the same, and in conclusion I wish to say I am exceedingly glad of the opportunity of having heard from the Secretary of State for War his views upon this matter, and I hope the publicity Mr. Deakin has suggested can be done. I do not know whether we are to regard matters relating to defence as confidential. Some of the matters we are dealing with necessarily should be confidential, but if upon such points as we are discussing here we could give out (I am referring to anything I am saying myself, of course) such portions or all of the speech of the Secretary of State for War, educationally it would be valuable to the people in our country, certainly. The expression of opinion of a gentleman occupying a position of such grave responsibility as the Secretary of State for War will be of intense interest to the public of the self-governing Colonies. If the principle of what is given out in a debate in the House of Commons could be applied in this instance it would do good, but how far the confidential can be removed from the discussion which has taken place I am not quite prepared at the moment to say. I am animated, as I am sure every one of us is here, with the desire to see the system made as valuable as possible for the Old and the New Worlds, and without giving away any portion of it to those who want to know what we are doing, other than is absolutely necessary.

I wish again to express my personal appreciation of the information furnished to us and of the value of this contained in the official reports submitted. I believe a great deal of good will come, and the great organisation which the responsible authorities here are trying to bring about will be hastened forward. Speaking on behalf of my country, I am only too glad to assist my colleagues representing the other countries in improving as far as we possibly can.

Dr. JAMESON: I would ask my colleague, Dr. Smartt, who is specially qualified to deal with this subject, to speak upon it on behalf of our Government.

Dr. SMARTT: Lord Elgin, I am not desirous of unnecessarily taking up the time of the Conference, but while not, as yet, having had an opportunity of reading the Defence papers—which only came into my hands this morning—I should like to express to Mr. Haldane how much we are indebted to him for the able and lucid manner in which he has brought this matter forward, because it makes us realise that the Secretary of State for War and his technical and scientific advisers are prepared to profit from the experience of the past, and to do the best they possibly can to allow us to meet any contingencies that may possibly arise to the detriment of the Empire in the future.

So far as the Cape is concerned, I think we thoroughly endorse everything that has been said by the Secretary of State for War with regard to the General Staff and the interchange of officers. As the Secretary of State knows, some short time ago a conference was held between the various Colonies in South Africa, under the presidency of the High Commissioner. There the obligations which rest upon the individual Colonies, not alone to provide for their own local defence, but also to provide for the defence of the whole of South Africa, were fully recognised. A tentative arrangement was come to—naturally subject to the approval

of the various Parliaments—whereby certain of our forces would be interchangeable in the event of any local emergency; and the principle was also recognised, and will naturally have to be accepted, or otherwise, by the various South African Governments. A point upon which I am extremely anxious to hear the opinion of my friend General Botha, is as to whether we should not disband and re-enrol our permanent forces on the understanding that they would be under obligations not alone to serve anywhere in South Africa, but, in an emergency—and with the consent of the Governments concerned—anywhere the Empire might require. I believe the feeling of the people of Cape Colony, and I hope the feeling of the general population in South Africa, will be favourable to such a proposition; and I think if that principle were accepted by the other Colonies, it would be the first nucleus of a real Imperial Army. So far as our permanent forces are concerned (I speak more of the Cape Police and the C.M.R.) I am perfectly certain that practically all of them would be prepared to be re-enrolled upon that basis, that is to say that they would be liable to be called upon for service in any part of the world where they might be required.

So far as our Naval defences are concerned, we have been only too anxious to see if we could do anything to improve those defences, and I trust that the result of the consultation we will have the opportunity of having with the Admiralty before we return to the Cape will be that, on behalf of South Africa, and certainly on behalf of the two maritime Colonies of South Africa, some arrangement will be come to with the Admiralty whereby we will, on the same basis as I have suggested with regard to the Military forces, enrol, under an Act of Parliament, a force of Royal Naval Volunteer Reserves who will bind themselves in time of war not only to serve within territorial waters, but to serve in any part of the world in which the British Admiralty may require their services; because I feel strongly that it is not the contributions which we give to the Imperial Government (which, after all, are only a drop in the ocean) that are important, but that the great contribution we should give is *personnel* trained as efficiently as possible in order to make up the waste of war should any great difficulty arise.

It is hardly necessary for me to say any more, because I think this Resolution will be accepted by the Conference. I only wish the Resolution was worded a little more strongly, and—perhaps the Secretary of State for War may think it over—that it contained an expression of the opinion of this Conference that a certain portion of the forces of all the Colonies or Dominions beyond the Seas should be enrolled upon the basis that, with the consent of their Governments, their services would be available wherever required.

I may also, perhaps, Lord Elgin, as it is of such great importance, accentuate what has been so ably said by Mr. Deakin and by Sir Joseph Ward, that I do not think there is anything in the statement of the Secretary of State for War which should necessarily be withheld from publication. So far as the Empire is concerned, I am sure it will do a great deal of good; and I do not think, so far as foreign nations are concerned, that anybody can take exception to it. If they did take any exception to it, it would only be to assure them that, so far as the British Empire is concerned, it is determined to maintain and uphold its own interests in every part of the world, and that is not a position which any foreign nation could possibly take exception to. I therefore trust that the Secretary of State for War will consent to make public this most valuable statement which he has been good enough to lay before the Conference.

Mr. F. R. MOOR: My Lord, I have to thank the Government for having put before us so clearly and lucidly the views that are held here with regard to some organised system for common Imperial defence, and the resolution that is placed before us is one which I can give my sincere support to. I agree with the views that have been expressed by the previous speakers that, by having a common system, such as is indicated here, on these broad principles, that is one that can only lead to good.

The interchange of Staff officers, as indicated here, is one that will undoubtedly be of great advantage to the Colonies in the direction of keeping the Colonies duly informed and educated up to the latest standards of military thought and science. I feel sure that, as regards South Africa, our final military organisation with regard to that very important possession is still in the lap of the gods, inasmuch as we are not yet a federated country, but we all do realise that we have a common duty first in providing for an efficient local defence, and eventually in giving as much assistance as we possibly can to the Empire; but we do feel, Sir, that to carry this out efficiently it can only come about when we have obtained what we all hope will be in the near future—a Federated Sub-Continent.

We feel, Sir, that in that part of the world we are especially bound to take the gravest notice of our military efficiency. We not only hold a most unique position as regards the Empire in the event of a general war, being in such a very important position with regard to all the important trade routes, which is the imperial aspect, but we also have a very unique position as regards our local environments with respect to the large native population, that it is our duty and our burden to govern and control. Having all these heavy obligations upon us we feel that it is only by a common purpose that we can carry out efficiently the conditions of the defence that will be satisfactory to ourselves in the first instance, and also, I trust, to the Home Government when our organisations are complete.

Speaking for the Colony I represent, I believe there, Sir, we are more or less in advance of any of the other British Colonies in the Empire. We have there a compulsory system as regards our Militia, and during the late disturbance with our natives we did find that this system of ours was fairly effective. There is no doubt it will have to be amended in some directions, but on the whole, Sir, it has worked well. We have also a very complete cadet system there in connection with all our Public Schools. All our young people have to go through a military training at these schools, not only in drilling and more or less discipline, but by annual encampments and efficiency in rifle practice. This movement is very popular among the young people, and to my mind is in the direction of the solution of that recognition by every citizen that in the hour of peril, whether it be in the Colonies, or whether it be in the United Kingdom, every man should do his duty with regard to the defence of his country. We are training these young people and I think the fact of their being trained at this early age imbues them with a feeling that they do owe a duty to their country and also to the Empire.

Sir, I thank you for the broad lines on which you have put this very great question before us, and I feel that your views will have great weight with the people I represent, and I believe that your views will have great effect on the Conference we are now attending in the direction of promoting unity with regard to our common defence.

General BOTHA: I should just like to say a few words and to thank the Minister for War very heartily for the valuable information he has imparted to us. The position that we have got to take up to-day and to discuss is that

of organisation of defence. If the Empire is to expand still more, this is one of the important factors in its expansion. We, in the Transvaal, are to-day in a difficult position. We are sitting there entirely without any means of defence, and if, for instance, the British Government were to remove the troops from there, our position would be hazardous. I have discussed the matter with Dr. Jameson and Mr. Moor, and my idea is that, if as yet we cannot bring about a general federation of South Africa we should at any rate attempt to federate on this question of defence. If we succeed in doing this, I think it will be a very effective way of aiding the Empire. I am not quite satisfied as to the exact binding effect of this proposed Resolution, and I should like to consider it further. What would be its exact effect is not quite clear to me. That is all I have to say.

Mr. HALDANE: I do not know really that I need take up the time of the Conference by replying, except in a few sentences. It is to me personally deeply gratifying to find that to so very great an extent we have all been thinking upon the same lines. It seems to me that this Conference is very much of a common mind about the broad principles which underlie this matter, but there are, of course, questions of difficulty. Dr. Smartt has raised a very important point as to whether it would not be possible for each of the self-governing Dominions of the Crown to raise a special contingent as I may call it, for service in the defence of the Empire. That would practically put that contingent into the first line, leaving the second line to be organised out of all the local forces. Well, of course one sees a great many problems that may arise at once as regards that, although it would be a most valuable thing if it could be carried out. One sees the difficulty—to whom would that force be responsible? Who would have power to call it out on the outbreak of war, and so on? Would it be a volunteer force or would it be a force which undertook the same kind of responsibility as the first line itself, namely to obey the directions of the Commander-in-Chief, whoever he may be, who was nominated to the supreme command of the war? Those are not insuperable difficulties by any means and I merely mention them to show that that is probably a point upon which this Conference cannot come to a detailed or definite conclusion without going into matters.

Dr. SMARTT: If I may say so, Mr. Haldane, I had considered that point and that was not my difficulty. The difficulty was that, say, in Cape Colony, we have our Volunteer Forces and what we call our Cape Police and our Cape Mounted Rifles. Under existing conditions, none of these forces can be called upon to serve outside certain areas. My idea was that certain of those forces should be disbanded (or whatever is the proper military term) and re-enrolled, so that the men could, with the consent and control of the country, be sent to any part of the world if circumstances required them, because, under existing conditions, if the people of the Colony desired that the services of these permanent Cape forces should be utilised, without special enrolment they could not be sent away without their special consent—which, though it would be readily given, would naturally cause delay. It was exactly the problem to which I think the Canadian Minister for War referred with regard to the contingents they sent to South Africa; viz.:—that they had really to get the consent of the men; there was no possibility of sending them, even with the desire of the Government and Parliament, owing to the character of their enrolment.

Sir JOSEPH WARD: We are entirely against discrimination of that kind in New Zealand. We would not favour that at all. I should like to say that, Mr. Haldane.

Dr. SMARTT: Do you mean under any circumstances?

Sir JOSEPH WARD: Yes, and for this reason—I would like to make it clear from the New Zealand point of view—we want to have our Volunteer system carried out under a complete organised defence system in New Zealand, without distinction of any kind for over-sea purposes. We are against anything in the nature of a standing army. We have now in existence our Volunteers many of whom are actively engaged in helping to develop the country. We have a very large reserve force of private individuals who are qualified to serve anywhere, and we want to be in the position, in New Zealand, of allowing it to be a voluntary offering from the Government and the individual to fight over-sea when called upon for the Empire, and we know we could get thousands of them, and if we were to attempt to create a first line or company, whatever is suggested, to be always ready for over-sea defence, I think you would create internal difficulties amongst the ordinary, or rather regular, forces who would willingly and spontaneously go out and fight when the time arises. I believe, with all due deference to my friend Dr. Smartt, that it is far better to let the country as a whole realise, in the event of trouble arising, that we can draw upon our volunteers for wherever we are going to fight, not ear-marking them beforehand. A good system of defence in our own country for use externally when the time arises is the better course to follow. It would entail legislation in our country if anything of the kind were proposed, and our people in time of peace do not want to have paraded a permanent organisation to go outside the country to fight. That is the sort of thing that would deter them to some extent from general action when the time arises. I do sincerely hope at all events that Mr. Haldane will not, so far as New Zealand is concerned, expect us to go upon lines of that kind.

Sir FREDERICK BORDEN: I would like to add a word. This very question was brought up at the Conference five years ago, and discussed thoroughly and disposed of, for that time at least. I, perhaps, cannot put the matter better than I put it then. I will read what I said then: "The "suggestion which was made that there should be a special force known as "the Imperial Force for service abroad is one I cannot subscribe to, because "I believe, in the first place, it would have a derogatory effect on the militia "itself. I am quite content, from what I know of the militia of Canada that, "to have a special force receiving special favours, specially named, specially "drilled and trained, would have an unfavourable effect on the militia at "large. I would propose as an alternative," and so on, and I concluded:— "It seems to me that I do not think it is necessary that a set of men shall be "labelled as being set apart for any particular service, but that our militia "should be made absolutely effective, so that when the moment arrives we "can take part and assist the Imperial Army by a voluntary enlistment."

Mr. HALDANE: I am, at the moment, keenly conscious of the difficulty which Sir Joseph Ward and Sir Frederick Borden have raised, because I have just had to face it in framing the scheme of our own second line at home, and perhaps I might read to the Conference the clause in which I came to the conclusion that I had gone to the utmost limit possible with the second line. It makes me think that what Dr. Smartt proposes is really in the nature of a special contribution of the Colony to the first line of Defence, a most valuable thing, but it is outside the strict organisation of a second line force which is what we are mainly discussing here.

Dr. JAMESON: On behalf of the Cape, may I say that, while I quite quite agree with my colleague (in case there is any idea as to the Cape wanting to press this), this is perhaps one of these advanced ideas we have

put forward already; perhaps it is a little too early to bring it forward, but no doubt it may grow and perhaps Dr. Smartt is quite right to throw it out as a consideration to think of for the next Conference on that basis.

Mr. HALDANE: It is one of these things which may well belong to a very immediate future—not far off—but I am now going to read from the Bill which comes up before Parliament for the final stage of the second reading debate on Tuesday. "Any part of the Territorial Force"—which is the second line force, which corresponds to the imperial second line we are discussing—the local forces all round—"shall be liable to serve in any part of the "United Kingdom, but no part of the Territorial Force shall be carried or "ordered to go out of the United Kingdom." Now we have this by way of proviso. "Provided that it shall be lawful for His Majesty, if he thinks fit "to accept the offer of any body of men of the Territorial Force, signifying "through their commanding officer, to subject themselves to the liability "(*a*) to serve in any place outside the United Kingdom; or (*b*) to be called "out for actual military service for the purpose of defence in such places "in the United Kingdom as may be specified in their agreement, whether "the Territorial Force is embodied or not," and it goes on to say if they make the offer, and it is accepted, that offer measures their liability, and nobody is to be compelled to make such an offer, except by his own consent, with the matter carefully explained to him. That was the utmost we felt we could go to in the organisation of the second line, and it is in effect the change which was made in our Militia Act towards the end of the Peninsular War. We were driven to rely on the militia towards the end of the Peninsular War, and the substance of this clause was introduced as a modification of our Militia Act. However, I gather that you all, in Canada, in Australia, and in New Zealand, are very much in the same position with regard to that. That is very much the measure of what we want to do, and if you could get that amount of latitude that would enable you to organise your second line so that such a voluntary offer could be provided for and accepted, I take it that it would be a step on, Sir Frederick. I rather gather that you have some legislation you might have to modify in some slight degree to meet that, but whether it is so or not, that is a matter which, as we have said, can stand.

If the Conference is agreeable, as I think it is, to this resolution about the General Staff, I think it is highly desirable that we should pass it; there may be amendments upon it, of course, but I was going to suggest this, that if we do pass it, I hope the thing will not stop there. My office will be ready to take up the details of things and, although we say in the beginning, "That this Conference, without wishing to commit to immediate action any of the Governments represented," I hope the opportunity may be taken to follow up all these things we have discussed to-day. Sir Neville Lyttelton and the rest of us will put aside all other engagements; we know you are here and available only for about three weeks more and the most immediate duty we could fulfil would be to meet and confer with you and work these things out, so that I hope, if the substance of this resolution is agreed to, we may be able to take some immediate action in fixing in our minds the precise way to give effect to it and the other things we have discussed to-day.

Sir FREDERICK BORDEN: Would it be possible, Mr. Haldane, to modify this resolution—I have not thought of the form of words, but in some way—by which we would agree to the idea of establishing General Staffs in each of the Dominions beyond the Seas, in each of our countries, and then go on as you put it so that these staffs should be interchangeable with each other, because I think it is not only desirable that there should be exchange between the Central Staff and any one of the Colonies,

but exchange between the staffs of the different Colonies. I do not know whether that is desirable, but I do not like to lose sight of the idea that the different communities or dominions should have their own general staffs.

CHAIRMAN: Might I suggest this? There is a general expression of opinion that it would be very desirable that the Secretary of State's statement should be made public, and I understand from him that there is no objection to that. In the statement, of course, is set forth in full what Sir Frederick Borden has been asking for and perhaps that would be the easiest way of doing it. There are one or two almost verbal amendments I think that have been suggested to me in the resolution itself, but otherwise it might stand. I think perhaps that the Conference might express approval of the Secretary of State's statement and then it might be recorded in the resolution and published.

Mr. HALDANE: I think there is nothing in what I have said to-day that has not been said several times, not only in speeches, but in papers that have been published and are in the possession not only of the American General Staff but I suspect of all General Staffs. They are very well informed of each others' proceedings and there is no secret in what we have discussed to-day; it is a fixing rather of the ideas that have already been given expression to.

Mr. DEAKIN: It seemed to me a digest of the discussions which have so far proceeded in your Parliament and in your Press.

CHAIRMAN: You will revise it?

Mr. HALDANE: I will revise it, and I will take care that there is no expression that can possibly be open to objection.

Sir FREDERICK BORDEN: The principle, I take it, is the establishment of an Imperial General Staff.

Mr. HALDANE: That is it.

Sir FREDERICK BORDEN: We have no Imperial Army.

Mr. HALDANE: No, you have an Army which serves for the defence of the Empire, and you have the Committee of Imperial Defence.

Sir FREDERICK BORDEN: I think we are all agreed that this should be done, but there may be some of our people, whom we represent, who may be somewhat sensitive about being committed, as they might think they were being committed, to something like an obligation.

Mr. HALDANE: You observe the General Staff is a purely advisory body, and indeed you have done it in Canada just now because you have a very distinguished General Staff officer, General Lake, who is your own Staff officer, as any General Staff officer sent under this scheme would be,—absolutely your own officer at your own disposition.

Sir FREDERICK BORDEN: Precisely, but we have not said much about it.

Mr. HALDANE: No, your deeds have been better that your words. You have had General Lake for some time and have been working it up.

Mr. DEAKIN: I have made a suggestion in the last line but three which would perhaps meet your point, Sir Frederick; instead of reading: "without in the least interfering in questions connected with command and "administration shall be capable of advising respective Governments," and so on, it should read: "without in the least interfering in questions con- "nected with command and administration shall, at the request of the "respective Governments, advise as to the training and education."

Sir WILFRID LAURIER: That is important. Will you give me the words, Mr. Deakin?

Mr. DEAKIN: After the word "shall" in the fourth line from the bottom insert the words "at the request of" instead of "be capable of advising," and it reads on "the respective Governments advise as to the "training, education, and war organisation of the military forces of the Crown "in every part of the Empire." That shows what I think was the clear intention that this staff should work with the respective Governments; it is the brain which is to be called upon by any nerve at the extremity and responds thereto.

Mr. HALDANE: The expert called in.

Mr. DEAKIN: Exactly, like the Committee of Imperial Defence; to make that clear I propose in the fourth line from the top after the words "recognises and affirms the need of developing" to insert "for the use of" instead of "throughout," and then omit the words "the conception of."

Mr. HALDANE: "For the service of the Empire."

Mr. DEAKIN: That is better—"for the service of the Empire a General Staff recruited" and so on.

Sir FREDERICK BORDEN: I would say "for the service of the various Dominions."

Mr. HALDANE: "For the service of the various Governments of the Empire."

Dr. JAMESON: Why not the Empire by itself?

Mr. DEAKIN: We make that plain in the last part.

Mr. HALDANE: "For the service of the Empire."

Mr. F. R. MOOR: I think it would be better if instead of "that this Conference without wishing to commit to immediate action" we said "that "this Conference without committing any of the Governments to immediate "action."

Mr. HALDANE: Yes.

Mr. F. R. MOOR: I think it would be more decided and clear.

Sir JOSEPH WARD: In any case everything we do here has to be ratified by our Governments and Parliaments too.

CHAIRMAN: You cannot commit them.

Mr. HALDANE: I doubt very much whether these words are necessary.

Dr. SMARTT: I do not think we need them in at all; you might take out all the words after "Conference" down to the third line.

Mr. DEAKIN: I agree, but as they have been put in let it stand as it is.

Sir WILFRID LAURIER: I think it better to let them stand as they are.

CHAIRMAN: If we adopt the suggestion of using the statement of the Secretary of State, ought we not to put that in some form into the Resolution, "That the Conference welcomes and cordially approves the exposition of "general principles embodied in the statement of the Secretary of State for "War."

Sir JOSEPH WARD: I am quite agreeable, it is part and parcel of the motion, really.

Mr. DEAKIN: Will you put the whole Resolution, sir?

CHAIRMAN: Then the Resolution would run: "The Conference "welcomes and cordially approves the exposition of general principles "embodied in the statement of the Secretary of State for War and "resolves: That this Conference without wishing to commit to immediate "action any of the Governments represented at it recognises and affirms "the need"——

Mr. DEAKIN: Is "at it" necessary?

CHAIRMAN: No, I should think not—"recognises and affirms the need "of developing a General Staff recruited from the forces of the Empire as a "whole, which shall be a means of fostering the study of military science in "the various branches, shall collect and disseminate to the various Govern- "ments military information and intelligence, and undertake the preparation "of schemes of defence on a common principle and without in the least "interfering in questions connected with command and administration, shall "at the request of the respective Governments advise them as to the training, "education, and war organisation of the military forces of the Crown in "every part of the Empire."

Dr. SMARTT: "Advise" alone is better.

CHAIRMAN: "Advise." That is the Resolution of the Conference.

Sir WILFRID LAURIER: I think I would like to defer this and have a third reading of this Resolution also, as we had with the former one. I see nothing to take exception to, but I would like to think it over.

CHAIRMAN: May I have the attention of the Conference? Sir Wilfrid Laurier would like to have what we call a third reading of this Resolution also, that is to say, that it should not be published until the next meeting, after it has been seen again.

Sir WILFRID LAURIER: I would like to look at it on Monday, although I may say I see nothing to take exception to at present.

Dr. SMARTT: I presume, Lord Elgin, that does not prevent the statement of the Secretary of State for War being published?

CHAIRMAN: No, we can get that out. There is one Resolution which is still at its third reading, Sir Wilfrid, with regard to Imperial Defence; I think we have practically agreed to it, but Mr. Deakin on that occasion wanted to see it again. This is how it ran: "That the Colonies be authorised "to refer to the Committee of Imperial Defence through the Secretary of "State for advice on any local questions in regard to which expert assistance "is deemed desirable, and whenever so desired the representative of the "Colony which may wish for advice will be summoned to attend as a member "of the Committee during the discussion of the questions raised."

Sir FREDERICK BORDEN: Was that not settled long ago?

Mr. DEAKIN: I thought so.

CHAIRMAN: I understood it was reserved in the same way as the other point.

Mr. DEAKIN: I did not understand it was reserved, but merely asked that I should be allowed to mention it as I have done this morning in connection with the general question.

Sir FREDERICK BORDEN: It was settled by the very constitution of the Imperial Committee itself. Mr. Balfour—whose idea perhaps it was—on two or three occasions stated very clearly the objects, and I had the honour myself of attending a meeting of that committee in December 1903, for the very reason suggested in this Resolution. It hardly seems necessary to make it a formal resolution.

CHAIRMAN: It was the explanation I gave on behalf of the Prime Minister at the last meeting and it seemed to be acceptable to the Conference.

Dr. JAMESON: Surely there is no objection to emphasising it further by passing it now.

Sir FREDERICK BORDEN: It is a work of supererogation, I think.

Dr. JAMESON: Does it matter? It was not the case before that the Committee of Defence could invite a representative of the Colony, whereas now this goes a little further and says that practically a Colony has the right to be invited whenever anything in which it is concerned or upon which it has asked advice is being discussed by the Defence Committee. I think it does go a little further.

Sir WILFRID LAURIER: It seems to me simply burdening this Conference with a Resolution about a matter which has always been done. There need be no expression of opinion by the Conference upon this point.

CHAIRMAN: I am entirely in the hands of the Conference.

Sir WILFRID LAURIER: I do not see what it is wanted for.

Mr. HALDANE: I do not think myself, if I may say so, that it is necessary. One is very familiar with the composition of the Committee of Imperial Defence, which is a skeleton or nucleus body; I always attend it, but I am not a standing member of it. It has no fixed composition, but consists merely of the people who are summoned, and, of course, if any question arose affecting any particular Colony, its representative would attend. The Prime Minister is really the mainspring of the Committee, and he summons it as he wants it.

Sir FREDERICK BORDEN: He summons whomsoever he likes?

Mr. HALDANE: Whoever he likes and whoever is suitable.

Mr. DEAKIN: We did not feel entitled to suggest that we should be represented at our own pleasure—we did not feel justified in officially representing it. Accordingly this Resolution was submitted for the approval of the British Government and the members of the Conference to the proposition that in future any representative of a Colony which might wish for advice should be summoned upon its request to attend as a member of the Committee during any particular discussion. That gave us not merely an opportunity of being invited as guests but a right to be present on our own motion when matters in which we were concerned were under discussion. That seems to me a distinct advance.

Sir FREDERICK BORDEN: You think that is not included in the memorandum?

Mr. DEAKIN: It is included now in March 1907.

Sir JOSEPH WARD: I think that is a proper thing to do.

Dr. SMARTT: I think it would do a great deal of good. I will give the Conference a concrete case:—Some time ago the Imperial Government appointed a Defence Commission to inquire into the defences of the Empire. They came to Cape Colony and no doubt they inquired into the defences of the Peninsula, but they did not go into the matter with the Government in that confidential manner which, I think, if a Resolution of this sort is carried and approved of by the Imperial Government, would be the case in the future.

Sir FREDERICK BORDEN: I thought that was included already.

CHAIRMAN: Then this Resolution may stand. We came to a final Resolution also on the question of the constitution of the Conference and that, of course, now will be published. Resolution II., p. v.

Adjourned to Tuesday next at 11 o'clock.

Fifth Day.
23 April 1907.

FIFTH DAY.

HELD AT THE COLONIAL OFFICE, DOWNING STREET,
TUESDAY, 23RD APRIL 1907.

PRESENT:

The Right Honourable THE EARL OF ELGIN, K.G., Secretary of State for the Colonies (President).

The Right Honourable Sir WILFRID LAURIER, G.C.M.G., Prime Minister of Canada.
The Honourable Sir F. W. BORDEN, K.C.M.G., Minister of Militia and Defence (Canada).
The Honourable L. P. BRODEUR, Minister of Marine and Fisheries (Canada).
The Honourable ALFRED DEAKIN, Prime Minister of the Commonwealth of Australia.
The Honourable Sir WILLIAM LYNE, K.C.M.G., Minister of State of Trade and Customs (Australia).
The Honourable Sir JOSEPH WARD, K.C.M.G., Prime Minister of New Zealand.
The Honourable L. S. JAMESON, C.B., Prime Minister of Cape Colony.
The Honourable Dr. SMARTT, Commissioner of Public Works (Cape Colony).
The Honourable F. R. MOOR, Prime Minister of Natal.
The Right Honourable Sir R. BOND, K.C.M.G., Prime Minister of Newfoundland.
General The Honourable LOUIS BOTHA, Prime Minister of the Transvaal.
Mr. WINSTON S. CHURCHILL, M.P., Parliamentary Under-Secretary of State for the Colonies.
Sir FRANCIS HOPWOOD, K.C.M.G., Permanent Under-Secretary of State for the Colonies.
Sir J. L. MACKAY, G.C.M.G., K.C.I.E., on behalf of the India Office.

Mr. H. W. JUST, C.B., C.M.G.,
Mr. G. W. JOHNSON, C.M.G., } *Joint Secretaries.*

Mr. W. A. ROBINSON,
Assistant Secretary.

ALSO PRESENT:

The Right Honourable R. B. HALDANE, K.C., M.P., Secretary of State for War.
Colonel G. F. ELLISON, C.B., Principal Private Secretary.

AND

The Right Honourable The LORD TWEEDMOUTH, First Lord of the Admiralty.
Captain OTTLEY, M.V.O., R.N., Director of Naval Intelligence.
Mr. W. GRAHAM GREENE, C.B., Assistant Secretary to the Admiralty.

MILITARY DEFENCE.

CHAIRMAN: Gentlemen, the first business is to finally approve the Resolution on Military Defence which was before the meeting on Saturday last. I understand that there is some suggestion from Canada.

Sir FREDERICK BORDEN: In the fourth line I would ask whether the words "to immediate action" do any particular good, and whether they might not be left out?

Mr. HALDANE: We thought that might be so. You mean missing out those words and going on to "any of the Governments"?

Sir FREDERICK BORDEN: Yes.

Mr. HALDANE: I do not think those words mean anything. They look as if they suggested that there might be immediate action. Shall we strike out "without wishing to commit to immediate action"?

Sir FREDERICK BORDEN: Simply reading it as "without wishing to commit any of the Governments."

Mr. HALDANE: Omitting the words "to immediate action."

Sir FREDERICK BORDEN: Yes.

Dr. JAMESON: Is there any harm in suggesting immediate action?

Sir FREDERICK BORDEN: Is it any good?

Dr. JAMESON: Yes, I think it is a kind of fillip towards doing something, and not only talking about it.

Mr. HALDANE: I do not attach importance myself to it, one way or the other.

Sir WILFRID LAURIER: "Without wishing to commit any of the Governments," I think it should be.

CHAIRMAN: Omit the words "to immediate action." Is that agreed to?

Mr. F. R. MOOR: I do not think it improves it.

Sir FREDERICK BORDEN: Then as to the word "recruited," it seems to me "recruited" is hardly a word to apply to officers. "Selected" would, I think, be a better word.

Mr. HALDANE: "Selected" is I think, a more appropriate word to apply to an officer.

Mr. DEAKIN: Do we gain anything by retaining any of these words "without wishing to commit to immediate action any of the Governments represented"? Would it not be advantageous to omit those words, and possibly substitute some other words for "recognises and affirms," to indicate clearly the view of the Conference.

Mr. HALDANE: "Is of opinion," for instance.

Mr. DEAKIN: Something of that sort, safeguarding the statement "without wishing to commit to immediate action." If we agreed to it we would not wish to commit our Governments to immediate action. We could not. It is a matter for themselves.

Mr. HALDANE: The Conference is not an executive Conference, and I should have thought if you omitted those words and put in such words as "is of opinion" it would make it quite clear that the Conference is expressing only an opinion.

Mr. DEAKIN: Yes.

Sir WILFRID LAURIER: It is nothing more than an opinion there. It is to be left to the different Legislatures to legislate upon.

Mr. DEAKIN: I suggest the omission of these words, and the Resolution would then run: "That this Conference welcomes and cordially approves the "exposition of general principles embodied in the statement of the Secretary "of State for War and is of opinion that for the service of the Empire a "General Staff," and so on.

Mr. HALDANE: "Is of opinion that there is a need."

Mr. DEAKIN: Yes; "Is of opinion that there is a need of developing throughout the Empire."

Dr. JAMESON: Why substitute "is of opinion" for the more emphatic "recognises and affirms"?

Mr. DEAKIN: In order to emphasize the fact that we are not executive but merely a consultative Conference, and that the governments are the people to decide. I have no objection to "recognises and affirms," but it is suggested that it might appear to go a little further than our function warrants.

Sir JOSEPH WARD: We say we are not, of course, committing our countries to immediate action.

Dr. JAMESON: We are only a conference and cannot do anything. Why should not we "recognise and affirm"? They are stronger words, and I do not see why we should weaken it.

Mr. DEAKIN: I have no objection to "recognises and affirms," but was endeavouring to meet Sir Frederick Borden's view.

Sir FREDERICK BORDEN: If the words "to immediate action" are left out, I am quite satisfied with the rest, and I have no particular objection then.

CHAIRMAN: It is suggested that the whole sub-sentence from "without" to "represented" should come out.

Sir WILFRID LAURIER: I would leave it as it is taking out the words "to immediate action"—"without wishing to commit any of the Governments" I think is better.

Mr. DEAKIN: We passed it in that form, but if we are altering it I think it is a great improvement to leave out all those words.

Sir WILFRID LAURIER: I would take out the words "to immediate action," and substitute "selected" for "recruited."

Mr. HALDANE: Yes, that is much better.

Mr. F. R. MOOR: Yes, that has been done.

Sir WILFRID LAURIER: On this point may I ask for information? It is a thing we should know more about. How is this selection to be made? Would Mr. Haldane select from the different Colonial officers in Canada, for instance?

Mr. HALDANE: Our plan is this. We have a list of persons eligible for appointment to the General Staff. If you send over a name and say: "This is a man we recommend to you," we should of course ask you for his qualifications, and we should put him on the list, and then arrange with you from the names put on the list to select somebody for an appointment in exchange for somebody we sent to you.

Sir FREDERICK BORDEN: I would like to have it understood, and I think this is what is understood really, that where there is a General Staff now in existence, as there is in Canada, members of that Staff should be selected to fill appointments on the General Staff.

Mr. HALDANE: Yes; you would not send people who were not on your General Staff.

Sir FREDERICK BORDEN: No.

Mr. HALDANE: No. Each country would have its General Staff organisation, either very much developed or rudimentary, as it might be, but you would send people from your Staff, whatever it was.

Sir FREDERICK BORDEN: And there would be no selection, as I understand, except through the Government of the particular country interested.

Mr. HALDANE: That is right. We should take nobody whom you did not recommend out of your General Staff. None of us would, of course, bind ourselves one way or the other; it would be a matter of convenience and arrangement; but we should take over here in the ordinary course naturally anybody you recommended as being well qualified from your General Staff, and at your request we should send you somebody whom you liked.

Sir FREDERICK BORDEN: And the responsibility for any particular officer so selected would continue to the particular Government under which he was serving.

Mr. HALDANE: He would be a member of their General Staff detailed for this general service.

Sir FREDERICK BORDEN: Yes, I think that is so. There is one word here which it is thought might be improved—"fostering."

Sir WILFRID LAURIER: I merely make just this suggestion, that instead of "which shall be the means of fostering the study of military "science," we should say, "which shall study military science." I do not care very much which it is.

Mr. HALDANE: Yes, "which shall study military science in all its "branches." That is quite as good. If that is agreed to I have no criticism upon it.

Mr. DEAKIN: I have some abbreviations to suggest.

Mr. HALDANE: Then it will be "which shall study military science "in all its branches."

Sir WILFRID LAURIER: I think that is all, as far as I am concerned.

Mr. DEAKIN: Will Sir Frederick Borden kindly listen to this, and see if it will not simplify it—"That this Conference," omitting the next two words, "cordially approving the exposition of general principles embodied in "the statement of the Secretary of State for War"—omitting the next words and substituting "recommends to the Governments represented"—omitting the next words "the need of developing for the service of the Empire a "General Staff selected from the forces of the Empire." So that it would read: "That this Conference, cordially approving"—this is all we do—"the exposition of general principles embodied in the statement of the "Secretary of State for War, recommends to the Governments represented "the need of developing for the service of the Empire a General Staff selected "from the forces." Would that meet your view, Mr. Haldane?

Mr. HALDANE: That meets my view. It is shorter, and I am in favour of anything that is short.

Mr. DEAKIN: It gets rid of a great many words; we cordially approve the exposition of general principles, and recommend to our Governments the need of developing a general staff.

Mr. HALDANE: "Recommend the desirability" might be better.

Mr. DEAKIN: Very good; I was only shortening it. It is at present rather winding.

Sir WILFRID LAURIER: Sometimes it is well to have these long statements, and I would let it stand as it is.

Mr. DEAKIN: At this stage I do not press it. We really accepted it, but when one commences to criticise it is hard to stop.

Sir WILFRID LAURIER: I would like it to stand as it is, with the two short amendments we have made.

Sir FREDERICK BORDEN: Put in "selected" instead of "recruited," and leave out the words "to immediate action," and leave out the word "fostering."

CHAIRMAN: Then it reads: "That this Conference welcomes and "cordially approves the exposition of general principles embodied in the "statement of the Secretary of State for War, and without wishing to commit "any of the Governments represented, recognises and affirms the need of "developing, for the service of the Empire, a General Staff, selected from the "forces of the Empire as a whole, which shall study military science in "all its branches," and so on.

Dr. SMARTT: Surely that does not meet the case? I understood the feeling was that some of the Governments represented here might not be able to take part in this at once. Consequently the Secretary of State for War very wisely put in "without wishing to commit to immediate action." But really we are now going to pass a resolution under which certain of the Governments will not be committed to anything except passing a pure opinion. They do not even commit themselves to act upon it in the near future, nor even in the distant future.

Mr. HALDANE: But having agreed upon the broad principle, we should now proceed to communicate with you with a view to seeing what you could do to carry this out, and as we are all of one mind we shall at least all approach the thing from a common point of view. We would take the first action in making suggestions to you for your consideration.

Dr. SMARTT: Then would not it be better to leave it as you worded it, "without wishing to commit to immediate action, recognises and affirms the principle of establishing."

Mr. HALDANE: I do not think the words make much difference; but the point is, we have agreed on a general principle. That is the real importance of it. We could not bind or force any Government, nor do we want to. This is a deliberating Conference.

Dr. SMARTT: We do not force the Government, but we come to a conclusion as to the necessity of it as quickly as possible. That is what I want to see affirmed in the Resolution.

Mr. HALDANE: Do you think you add anything by putting in the words?

Sir JOSEPH WARD: You would not help it forward in any way by putting in "committing to immediate action." It would not get over the suggestion you are making as to any Government not taking action.

Dr. SMARTT: No, but it would really appear from the Resolution that, so far as possible, we were all desirous of immediate action and of this matter not being delayed.

Sir FREDERICK BORDEN: But we recognise and affirm the need for developing. What more can we do beyond that?

Sir JOSEPH WARD: So far as New Zealand is concerned, as soon as the Secretary of State for War communicates with us we will consider any proposals and deal with them.

Mr. HALDANE: By getting rid of the words "to immediate action" we have got rid of the suggestion that it is not to be immediate action.

Sir JOSEPH WARD: Quite so.

CHAIRMAN: Then the Resolution is to stand.

Resolution III., p. v.

The Resolution, as amended, was carried unanimously.

NAVAL DEFENCE.

NAVAL DEFENCE.

CHAIRMAN: Gentlemen, we now proceed to consider Naval Defence, and we have on the agenda two resolutions, one from the Commonwealth of Australia and one from New Zealand, and perhaps the most convenient course would be to proceed as we did the other day, that is to ask those who represent those two Colonies to first state their views. Will Mr. Deakin be ready to open it?

Mr. DEAKIN: Before Lord Tweedmouth speaks?

Lord TWEEDMOUTH: Whichever you like.

Mr. DEAKIN: Perhaps you would wish to indicate generally the policy of the Admiralty. As I take it, this is not merely a discussion on Naval Defence for New Zealand and Australia. Incidentally we have a special interest to consider, because we have an Act upon our Statute books, and the question of amending that Act by addition or variation is a subject which concerns us a great deal more than anybody else. But we have assembled first to take a general view of Naval Defence, and to be made acquainted with the policy of the British Government, presenting questions of great interest for the whole Conference. Incidentally one of these deals with the particular agreement relating to New Zealand and Australia. I do not know whether Sir Joseph Ward agrees.

Sir JOSEPH WARD: Yes, I agree; I think it would be most valuable to hear the opinions of Lord Tweedmouth.

Lord TWEEDMOUTH: Lord Elgin, and gentlemen, I feel it a high privilege to sit at this table to discuss this matter with the Prime Ministers

of the self-governing dominions of the King beyond the seas. My position, of course, is rather a different one from that of my colleague and good friend Mr. Haldane. As I understand, he gave you a vivid and interesting sketch of the new system of organisation of the Army, and explained to you how that new scheme might be adapted to your Colonial wants and wishes. My position is quite a different one. I cannot offer any sketch. I rather lay before you a completed picture. Our history undoubtedly is closely intertwined with the history of the Naval Service from earliest days, and though it is the fact, no doubt, that from time to time we have met with reverses and we have met with accidents, yet, on the whole, from the earliest days to the present moment the Navy has been able to defend the country, to defend the growing country, that is the Empire as a whole, and I do not think that any charge can be brought against it of ever, on any occasion, having failed. Well, gentlemen, that being the case, what I have in the first place to ask is, that you should place confidence in the Board of Admiralty, and in the present Government, for the future safety of the country. We welcome you, and we ask you to take some leading part in making more complete than it is at present the naval defence of the Empire. I wish to recognise all that our cousins over the sea have done in consequence of decisions of former Conferences. I know that you gave to the Government and to the Admiralty, with a free and unstinting hand, the help that you thought you could manage to give. Gentlemen, I have only one reservation to make, and in making it I ask that, as we have proved ourselves successful in the past, you should put your trust in us now. The only reservation that the Admiralty desire to make is, that they claim to have the charge of the strategical questions which are necessarily involved in Naval Defence, to hold the command of the naval forces of the country, and to arrange the distribution of ships in the best possible manner to resist attacks and to defend the Empire at large, whether it be our own islands or the dominions beyond the seas. We thoroughly recognise that we are responsible for that defence. We want you to help us in that defence. We want you to give us all the assistance you can, but we do not come to you as beggars; we gladly take all that you can give us, but at the same time, if you are not inclined to give us the help that we hope to have from you, we acknowledge our absolute obligation to defend the King's dominions across the seas to the best of our ability.

Now, there is, after all, only one sea that laps around all our shores. The sea is the link that joins us together. It was the reason of your upspringing. It is our first defence. It is the origin of our great commerce. It is the outlet and inlet of our exports and our imports, and it is to us in these islands the channel through which we get the food and raw material which are so necessary to our vast population. There is one sea, there is one Empire, and there is one Navy, and I want to claim in the first place your help, and in the second place authority for the Admiralty to manage this great service without restraint. How great a part the sea takes in all our life, in all our prosperity, is, I think, best seen from the extraordinary amount of shipping that our country puts out. Last year, in 1906, Great Britain's output of shipping amounted to no less than 1,936,793 tons. The United States had an output of 486,650 tons; Germany, 384,614 tons, and France, 58,502 tons. The output of all foreign nations amounted to 1,319,900 tons, so that last year Great Britain led by no less than 616,893 tons all the other nations in the world.

Mr. DEAKIN: Is that new shipping?

Lord TWEEDMOUTH: New shipping.

Mr. DEAKIN: Commercial shipping only?

Lord TWEEDMOUTH: No; it includes warships. I think in the British Return there were about 108,000 tons of warships. But with that enormous interest in the sea and in the shipping that goes on the sea, it is absolutely necessary that we should make the passage of that shipping across the sea safe. That is what we aim at securing, and that is what we ask your help in doing.

Mr. DEAKIN: Pardon me for interrupting, but when you speak about British shipping, does that include shipping constructed in other parts of the Empire, or only in the United Kingdom?

Lord TWEEDMOUTH: That is within the United Kingdom.

Mr. DEAKIN: The total of the construction in the various Colonies is small?

Lord TWEEDMOUTH: It is not very large. It amounted last year to about 26,000 tons. I have here a statement of the subsidies which in the past have been given by the various Colonies. Australia gives 200,000*l.*; New Zealand, 40,000*l.*; Cape Colony, 50,000*l.*; Natal, 35,000*l.*; Newfoundland, 3,000*l.*; in all 328,000*l.*

Gentlemen, what I have to say is that the Admiralty and His Majesty's Government are perfectly ready to meet these contributors to Admiralty funds in a liberal and conciliatory manner. We do not wish to insist that the contributions from the Colonies should necessarily be in the form only of money. We are quite ready to enter into any arrangements with the Colonies that may seem most suitable to them, and which may seem to bring advantage to the Navy, and advantage to the Colonies themselves. I have here drawn up a short statement of what may be called the general principle with which the Admiralty desire to meet the representatives of the self-governing Dominions of the King beyond the seas. His Majesty's Government recognise the natural desire of the self-governing Colonies to have a more particular share in providing the naval defence force of the Empire, and, so long as the condition of unity of command and direction of the fleet is maintained, they are ready to consider a modification of the existing arrangements to meet the views of the various Colonies. In the opinion of the Government, while the distribution of the fleet must be determined by strategical requirements of which the Admiralty are the judge, it would be of great assistance if the Colonial Governments would undertake to provide for local service in the Imperial squadrons the smaller vessels that are useful for defence against possible raids or for co-operation with a squadron, and also to equip and maintain docks and fitting establishments which can be used by His Majesty's ships. It will further be of much assistance if coaling facilities are provided, and arrangements can be made for a supply of coal and naval stores which otherwise would have to be sent out specially or purchased locally.

I understand that, in Australia particularly, and in South Africa, it is desired to start some naval service of your own. Perhaps I might suggest that if the provision of the smaller craft which are necessarily incident to the work of a great fleet of modern battleships could be made locally, it would be a very great help to the general work of the Navy. You cannot take the small craft such as torpedo boats and submarines across the ocean, and for warships to arrive in South Africa or in Australia or in New Zealand or in Canada, and find ready to their hand well-trained men in good vessels

of this kind, would be an enormous advantage to them. It would be an enormous advantage to find ready to their hand men well trained, ready to take a part in the work of the fleet. There is, I think, the further advantage in these small flotillas, that they will be an admirable means of coast defence; that you will be able by the use of them to avoid practically all danger from any sudden raid which might be made by a cruising squadron. What I should like to point out is that, above all things in this work, the submarine is probably the most important and the most effective weapon. It is the weapon with which you can meet a fleet attacking during the day, or individual ships attacking by day. I am assured by my advisers at the Admiralty that it is a most important weapon; that it has already reached very considerable development; and it is one on which we may rely with great confidence. That is a view that is very strongly taken by some of the leading men in the French Navy, who think that the submarine is really the weapon of the future. I believe myself that the provision of submarines and all the smaller torpedo destroyers and boats would be of the greatest help to the Navy, supposing it were, as I hope it may not be, drawn into a war abroad.

We want to consult with you as to the details of this scheme. Of course if each separate colony is to be treated on a different footing, we are quite ready to do that and to make separate arrangements with each separate Colony according to its own wishes. I thoroughly recognise the great difference that there is between the conditions of one country and another. The desire of the Admiralty is to meet those wishes so far as they possibly can be met. I think perhaps it is impossible suddenly to make a change. I would suggest that a beginning should be made, and that probably the best way to start would be to allocate to local purposes certain portions of the subsidies already given. The particular purposes to which that money should be devoted should be discussed in detail between the representatives of the various Colonies and the Admiralty, so that a thoroughly good scheme might be worked out in the end. At the same time we do not put aside the payment of the subsidies at all. From those Colonies who are desirous of continuing altogether on the lines on which they have gone in the past, we shall be very glad to accept their contribution, and accept it gratefully, and do the best to apply the money in a useful manner.

Then I should like to say a single word on the further point of the provision of docks and coaling facilities in the Colonies. The enormous development of the modern warship entails important consequences. These great modern warships require large docks to contain them. I think we are getting on well with the provision of docks. At this moment in our own country and abroad we have, I think, 13 Government docks which will take in our largest ship, the "Dreadnought." I think in the course of the next two years we shall have four more, which will make about 17 altogether. But it is very desirable that we should have in all parts of the world docks which could take such great ships, supposing they were to meet with an accident or were to receive damage in war. I do not know whether Sir Wilfrid Laurier would consider that there might be some chance of Canada doing that in Esquimalt and Halifax, which have now been handed over to the Canadian people. We have already a dock at Simons Bay which will take a "Dreadnought," but all through the Empire it would be a great thing to find big docks at hand in the event of any accident or damage that might happen to a ship. It is the same thing with regard to coal. Coal is the life of a modern warship. It is an absolute necessity. There are great difficulties in getting it. We are better off, no doubt, than other Powers in that respect because we have coaling stations already scattered here and there over the whole world, and now there are many new

inventions and new developments in methods of coaling on the sea and at the coaling depôts. But it is a subject to which I should like to direct the attention of the Prime Ministers as one of the things which are of the greatest use to a fleet at sea.

Gentlemen, I have come to you absolutely frankly to tell you how we hope to be able to meet you. I am anxious to hear what the representatives of the various Colonies want to do. They have already put forward two resolutions, and I think it would be well that I should hear what they have to say, and I should also like to be made aware of what the representatives of each Colony think as to how far they could meet the suggestions that I have ventured to make.

Sir WILFRID LAURIER: Will you first call upon Australia and New Zealand, as they have proposed resolutions?

Mr. DEAKIN: The resolutions of Australia and New Zealand, after all, are quite subsidiary to the main principles on which his Lordship has addressed us. Speaking for myself, may I say that I quite appreciate the frankness with which your Lordship has approached the subject, and the light you have thrown upon it. I am not surprised at the attitude of the Government, because I have sufficient familiarity with the references which you and also your colleagues have made to this great subject, but at the same time must admit my own want of competence to deal off-hand with the major questions which you have raised, either directly or by necessary implication—they are of the first importance—without some little further consideration.

The main views you have submitted, so far as I have followed them, relate to the question of Colonial co-operation in the Naval Defence of the Empire. This divides itself into two parts: first, a provision for local defence, which again divides itself into the defence which is to be used, so to speak, by the localised bodies or other agencies, and next the localised Imperial Squadrons, if I may distinguish them by that title. Beyond these local defences comes the question of the possibility of a general defence not localised, upon an Imperial scale, whose obligations would be adapted to the varying circumstances of the different parts of the Empire—varying as between themselves, and varying again from those of the United Kingdom. Any consideration I have ever been able to give to this question has led me to the reluctant conclusion that so far we are unable to find any scheme of the measure of responsibility either particular or general. I would be very glad to be enlightened upon this subject. None of the assessments and estimates made for the purpose have appeared to me to include all the factors to be taken into account, or to have furnished anything like an exact proportion between them. Those are the main issues, as I follow them, which are inseparably associated with the scheme that you have submitted very clearly to us. Afterwards, when we have considered such general questions of contribution and co-operation, the matter which particularly interests New Zealand and ourselves, is as to the local form of that co-operation. Australia's responsibility is now fixed on a monetary standard, and we submit that this is not the most acceptable standard for Australia, nor is it likely to further the objects that we have, or the objects that you have, in maintaining the present contribution. But that, as already stated, is a subsidiary question.

The larger principle of the relations which self-governing Colonies should hold to the Imperial Naval Defence should first come under consideration, because that is the major premise of which the form of any contribution is after all only a minor matter. I must confess myself quite unable to criticise with sufficient pertinency the larger principle of this question at this moment.

There are others here not under my disability—for instance, Mr. Brodeur, who represents the Naval Department of Canada, but so far as I am concerned I wish time for further consideration.

Let me, however, by way of addition mention one matter which arose out of the address of your colleague, the Secretary of State for War, affecting the possibilities of the development of local supplies of ammunition within the Commonwealth. These are a necessity in most States, but of far greater urgency in Australia than elsewhere. We desire to see established cordite and ammunition factories which should be sufficient for our own wants, These wants in time of peace are necessarily very small, while in time of war, with the possibility of interruption of communications, they would be very large. Our difficulty, therefore, is to face the cost of establishing or subsidising factories for the manufacture of this ammunition within our own borders, because of that enormous difference between the regular demand upon the factories and their machinery and the extraordinary demand for which they ought to be equipped to some extent. Possibly in the matter of cordite ammunition for small arms, we do not see much difficulty. We think we can establish a factory which would meet our wants fully in peace, and reasonably in war, keeping reserves always in hand. But if we could enlarge the scope so as to supply the squadron or squadrons in our seas with, at all events, part of the ammunition and the cordite they require, that would enable us to conduct that factory on a much larger scale. It is not a desire to make a profit out of supplying the naval wants, but simply to keep the factory going on a greater scale, and enlarge its capacity so that it might be less inadequate in time of war. Of course we recognise the great difficulty in the testing of this cordite, which is now very elaborately carried out with a great number of guns of different types. It is necessary to test the cordite for a gun of a particular type in a gun of that type, but as it happens, at the present time that need not be an insuperable objection, because we have quite a variety of guns in Australia, many more types than we ought to have had, since they have not conferred upon us that defensive strength which we should have enjoyed if we had been limited to a few types. Opinions have varied in the Admiralty and War Office, as they must vary from time to time, and we have had the full effect of the variations. However, under the circumstances, the report of the Committee of Imperial Defence advises us to lay aside quite a number of these guns, and they are of the same types, or sufficiently near to the types of guns, which we would require for testing purposes. Now, until those guns are worn out—and then the question of supplying them might be a more serious matter—they would perhaps suffice for the application of tests. We would be able at least to commence with them. I am not pressing for an answer to-day. I have expressed already my inability to cope off-hand with the great questions you have raised, without more time for consideration. Nor would I ask for a reply on this point until we have told you what we can offer. In making this proposition for the supply of ammunition we do not expect that the Imperial Navy should accept from us cordite or any other supplies any less efficiently tested than they are here. We accept that.

Lord TWEEDMOUTH: It would be absolutely necessary that we should test the cordite in the most effective manner.

Mr. DEAKIN: Absolutely necessary.

Lord TWEEDMOUTH: There is another thing to be remembered, that as far as our knowledge at present goes of cordite, or a large class of cordite at any rate, provided it is kept at a low temperature under 60 degrees its life is very long—certainly 60 or 70 years—whereas when it is long affected by a high temperature it goes bad.

Mr. DEAKIN: I am aware of that. Of course that estimate of the very long life of cordite is still theoretical, because there has been no cordite of that character for 60 or 70 years, though all the scientific calculations point that way. We see no difficulty in the conditions of temperature. If we make cordite we must fulfil those conditions; if we do not fulfil them we cannot do business. We do not look for mere profit. To sell you an inferior explosive for the protection of our own shores and shipping would be short-sighted economy; but on the assumption that we are able to satisfy you as to tests and storage, it would, or might, make a considerable difference to us even if we had only the supplying of certain portions of the annual ordinary consumption of the squadrons in the Indian, China, and Australian seas, the present area within which our squadron operates. It would be inexcusable to bring forward a detail of this kind, were it not to give you the opportunity of consulting your officers in the hope that you may in some way or other help us to improve our means of ammunition supply, which would then be available for your squadrons in all grave emergencies. Other members of the Conference more competent than myself should cope with the great questions raised. We should have an opportunity of seeing your remarks in print. They most decidedly are serious enough for much consideration. Clear as is your exposition, it raises so many matters of moment to us that, to treat them as they deserve, more time for reflection and more detail would be required. I therefore do not touch on the question of coaling or the variety of other interesting problems suggested.

Sir JOSEPH WARD: Lord Elgin, and Gentlemen,—I begin by saying that the value to the different countries—I speak, of course, specially for the one that I represent—of having an opportunity of hearing the views of Lord Tweedmouth, as First Lord of the Admiralty, to whom we look as the head of the Naval Branch, is very important indeed. I want to convey for New Zealand my concurrence in the expressions that Lord Tweedmouth has given utterance to, that we should have confidence in the Board of Admiralty and in the British Government in connection with the Navy. I subscribe to that absolutely. The people in our country believe—and, of course, I am speaking on behalf of the people of our country—that the great interests, enormous as they are, extending throughout the Empire, must of necessity receive first consideration at the hands of the Board of Admiralty and of the British Government of the day. I am very glad indeed to hear Lord Tweedmouth say that it is his desire to make the position of the Empire more secure than it is at present. That great object is at the bottom of the representation that the Colonies have here in connection with Defence matters. We want to assist as far as we can in making our general position stronger and more secure than it is at present, though it is happily very strong indeed. I want to say that I fully endorse the view expressed by Lord Tweedmouth, that there is but one sea around our shores, and that with one sea and one Empire, there should in reality be but one Navy. The outcome of deliberations such as we are engaged in now, should be to place both ships and the disposition of the ships, and the distribution of the ships and the whole question of strategical work, entirely under the control of those at the pulse of the Empire—London; who are responsible in the time of war for the working out of any engagements that may take place for the purpose of common defence. In any help that New Zealand may be able to give towards the building up of a stronger position, that main principle should be recognised, and will be, certainly by my Colony. We regard the custodians of the Navy, the Board of Admiralty, as those who, being at the seat or pulse of the Empire, are the authorities in times of war to govern the Navy. We also recognise that they are responsible for the defence of our commerce on the seas, either in our part of the world or elsewhere, which

Lord Tweedmouth has referred to. How far we can help in a subsidiary or supporting manner, which we will readily do, is a question to be decided upon in conjunction with the Home Government The details will certainly be improved as the result of this Conference.

I am prepared to cordially co-operate with Mr. Deakin as the representative of the Commonwealth of Australia in helping him to attain whatever his country conceives to be desirable for the purpose of carrying on the great work of the defence of that portion of the Empire. I was very glad to hear Lord Tweedmouth say that different countries could be treated, and he was prepared to have them treated, in different ways. In some respects we may require totally different treatment, while in the main co-operating to effectuate a strong position generally. It is important, from the view which I take of our country, to briefly indicate what the position of New Zealand is, and its difference in some respects from the Commonwealth of Australia and the great Dominion of Canada and Great Britain itself, which is so important a part of this great organisation. Our country is comparatively young; under 70 years of age. We have before the people in New Zealand still the work of the interior development of a country which in the years to come will be capable of carrying 20,000,000 of people without any difficulty. We have under one million of population at the moment. We have all the ramifications of the development of great public works, so essential as a provision for the future to enable people to settle in the interior of our country. We have still before us the making of the railways throughout our country. Though we have between two and three thousand miles of railways open to-day, it is comparatively speaking but the fringe of what the future years will require to have established in the country in order to meet the requirements of its people. That is one aspect of the matter which any young country such as the one I represent, with its future all before it, has to very seriously consider. Whilst anxious to help the Old World and the other portions of the Empire in making a system of common defence upon both land and the seas, the all-importance of which we recognise to the fullest possible extent, we have still to keep before us, as a young country, the fact that in the future many millions of money will be required for the country itself to carry out great undertakings that in the Old World have been carried out, many of them, such for instance as your railways, by private enterprise. In our country those undertakings of great public utility are not carried out on the basis of private enterprise, but by the State. That work must devolve in the future very largely upon the State. It is because of the fact that we have these great undertakings that may take years to fulfil in the future before us that we should hesitate to impose upon ourselves the burden of the construction of ships of war, or of any great liabilities connected with the maintenance of ships of war, or any great financial responsibilities other than we actually commit ourselves to in a defined agreement. In the meantime we cannot see our way to undertake this possibly heavy financial responsibility side by side with the great development policy which is very important to New Zealand, as its success is to the Old World from the point of view of the aspects of trade, and from the potentiality of the settlement of British people within our borders—important also from any direction which one could name. It is for these reasons, in brief, that New Zealand hesitates to embark upon so great an undertaking, in favour of which there is a vast amount to be said, as establishing a local fleet for the purpose of local defence, with the attendant repairing and large dockage accommodation such as has been referred to by Lord Tweedmouth. We have, with a comparatively small population, to consider the position from a practical standpoint, and to see how far we can go in the direction of co-operating in a practical way with the larger scheme suggested in the observations made by Lord Tweedmouth.

I want to say that the statement made that the Admiralty is prepared to meet the colonies in a liberal and conciliatory manner, and if necessary not upon a money basis only, is a matter which is deserving of the fullest consideration at the hands of the country I represent. I desire also to make it quite clear that I do not say that in any future agreement we make for our country we should give a money contribution only to assist in the up-keep and maintenance of our portion of the Navy. I gathered from the observations of Lord Tweedmouth that the British Government is prepared to entertain a manning proposal. Whatever is the maximum amount we may elect and agree to contribute—and I may say at once we are prepared to give more than the 40,000*l.* a year that we are now giving—if that is converted into a proposal for the manning of ships and the paying for the manning of those ships in our portion of the world, still leaving them at the full disposition of the British Admiralty even though we pay for the full manning of them, I am quite prepared to consider whether we should not undertake to relieve the central authority of difficulties which now arise in connection with the manning of our ships, such as having two rates of pay for the crews, and whether we should not man them completely at one rate of colonial pay, outside, of course, the Imperial officers required to control them, which I presume would be necessary, under the direction of the Navy. I am quite prepared to consider for our Colony whether we should not change our contribution from a maximum amount into an amount to be expended on the manning of the ships which the Admiralty may think it desirable to keep in our waters.

With regard also to the suggestion made by Mr. Deakin of the necessity for further consideration after we have seen in print the important speech delivered by Lord Tweedmouth, I want to reserve final judgment upon the great issues involved until one has had that further time to consider it. But I think this is too important to allow it to pass in the first instance without saying a word or two upon certain aspects of it which struck me as Lord Tweedmouth placed them before us. The method of putting smaller ships out in our waters than those required at home and other places abroad is one I take no exception to whatever. One recognises the principle that in times of warfare the whole strategical work and the whole disposition of the ships is to be under the control of the Admiralty, and that they, with the various classes of ships in the different portions of the Empire, will use their greater ones wherever required, and also that they may either elect to keep for the purpose of local defence the smaller subsidiary vessels such as we have in our country, or to call them somewhere else to assist in times of stress. Upon this question, however, I want to say that if it were possible in any scheme which the Board of Admiralty and the British Government lay down to have some unification, even although we changed our contribution to one of paying for the actual manning of vessels, it would in my judgment be very much better from the standpoint of New Zealand to have that uniformity, whether Australia carries it out upon its own account or whether we remain attached to the British Navy entirely. That uniformity of system would, I think, add very materially to the swift and practical working of the Navy in times of trouble.

Lord Tweedmouth suggested that the Colonial Governments should equip and maintain docks for use by His Majesty's ships. Upon that heading I agree with the principle suggested, but of course there must be a limit to a proposal of that kind as far as New Zealand goes. Already we have co-operated with the Admiralty, and we have at least one of the docks in our country which is capable of taking, I think I am right in saying, any of the ships that are out in our waters—that is the splendid Calliope dock in Auckland. Within the next few years we shall have a very large dock finished at the port of Wellington, which will also be capable of accommodating

any of the ships likely to be retained in our waters; and we have two other large docks in New Zealand already, one at Lyttelton and one at Port Chalmers, where there is also a second and larger one now being built. I foresee one possibility, and that is, if an Australian Squadron were to be kept out in our waters, and our existing docks, or the docks about to be constructed, were not of sufficient length to cover the ships out there, we should be placed in a very awkward position if the duty were cast upon us of equipping and maintaining those docks entirely, and for this reason: we have a different method of initiating and carrying out the construction of docks in New Zealand to what exists in the Old Country. We have what are known as Harbour Boards, and in one case a Dock Trust, elected by the people from different portions of the district, and upon which some Government nominees are appointed for the purpose of looking after the general interests of the harbours and docks of New Zealand. There are two possibilities that may arise about this suggestion, and I make it in order that the point may be further considered as to whether the Admiralty should not define what is to be the dock of the future in our waters so far as capacity goes for the berthing of these ships. Take the case of Wellington. If they finish a dock 600 feet long in the course of 18 months, British ships may be sent out to our country 650 feet long. I am not giving 600 feet as the length of the Wellington dock, as it may, and I think is to be, much longer. I am giving an illustration only. It is a good thing to encourage in our country the providing of suitable docks for repairing and meeting the requirements of ships in view of any time of trouble, if we should ever have trouble out in our waters, though I very much doubt it. I think the settlement of the troubles of the Empire, whenever they arise, will be far distant from the colonies. If an opponent of the British Empire wanted to settle the question of who is to be supreme upon the seas, or who is to take, if they can, any portion of the British Empire, it is hardly conceivable that they would come out to our waters to settle questions of that kind, though New Zealand itself is too valuable to neglect in any way local defence. I do not want to raise questions which might be looked upon as troublesome, but we do fear some of the eastern countries, whose teeming millions, so close to Australia and New Zealand as they are, under an educational process in the years to come may find the attractions of our country sufficient to induce them to give us some trouble. I think, in any arrangements we make with the Admiralty for our defence upon the seas in the common interests of the Empire as a whole, if we are to make that arrangement of a practical nature—and the people of our country are only too anxious to help—this all-important question of equipping, maintaining, and providing docks should be considered upon a practical basis, and the Admiralty itself might convey to us, for our information, what length of dock for ships in our waters may in their judgment in the future be required. I may say that, under the system of constructing harbour board docks in New Zealand, we would go a long way towards meeting the requirements of the Admiralty in the different parts of the Colony.

I wish to say one word about this question of coaling. The New Zealand Government has seen its responsibilities connected with coaling in our country for a number of years. I think at the moment, in round figures, we have either provided for or guaranteed the debentures to enable some of our west coast ports in New Zealand to be first-class coaling places for the purpose of the exportation of coal, and we have done so to the extent of over half a million of money. I listened to that portion of the observations of Lord Tweedmouth with special interest. In our country special facilities at Westport and Greymouth could be provided of a very satisfactory kind, and they certainly could be provided in Australia at the Port of Newcastle; a harbour for the largest ships in the world could be provided at

a place called Point Elizabeth near Greymouth, and the finest coal in the world could there be put aboard ships loading down to any ordinary draught. If we can arrive, as I hope may be the case, at some system of meeting the local sentiments of these self-governing countries as to how those ships, under the control and disposition of the Board of Admiralty always, should be equipped and manned, I think the coaling matter is of sufficient importance to enable us to probably arrive at a basis which in the course of a year or so we might be able to put into practical shape. I want to take this opportunity of saying to Lord Tweedmouth that the difficulty which has presented itself by having two rates of pay on board the ships in our waters is one that we cannot lose sight of in considering this matter with a view to having it placed upon a better basis. The rates of pay generally in the Colonies are higher than they are in the old world. In order to meet the natural sentiment of the people there the Admiralty have, with very great consideration, in the past agreed to a dual system of pay on board those ships. Under that differentiation of pay there naturally must arise a certain amount of friction and dissatisfaction, especially on the part of a man who is working side by side with his fellow on board any of the ships who is receiving a much lower rate of pay than the Australian or New Zealander is. That statement seems to me to emphasise the great importance and desirablity of these vessels being manned entirely, so far as the crews are concerned, from the Colony itself, and probably a rate of pay could be fixed by which they could be borne in sufficient numbers to meet the position now filled by a portion of the men being drawn from the old land, and a portion from the new land. In any case, if it cannot be arranged in the way I am endeavouring to suggest, New Zealand will be quite prepared to have what I know has been talked of and referred to in despatches, the system of deferred pay for our men put into operation, so that they may draw the same rate of pay as the British men on board those vessels until the time came for paying them off, when that deferred pay would be paid out to them. I need not, because it must be very familiar to Lord Tweedmouth and those associated with him, refer to the troubles which arise owing to the higher class of pay being paid to the men in these places now.

I want to make it clear upon the details of any scheme for the betterment of the Navy and for the more effective working of it, that I should be only too glad with my friend Mr. Deakin and any of the other gentlemen here to have an opportunity of conferring with those who are responsible and with Lord Tweedmouth, who has made such valuable suggestions to us to-day.

I will not take up the time of the Conference further at present upon this matter. I have a great deal of detailed information in my possession. I hope as the outcome of the Conference that we are having with the responsible representatives of the Board of Admiralty and the British Government here, that if each Colony wishes separate treatment, as has been referred to by Lord Tweedmouth, we will get it. I am sure we will be able to arrive at it, while allowing the people of the respective countries through their Governments to carry out such a local system as they believe to be best suited to their individual circumstances. I look forward to the outcome of the discussions which we are having across this table as going in the direction of enabling us to join with the Board of Admiralty and the British Government in helping generally in making our Navy stronger and better than it is at present.

Sir WILFRID LAURIER: Mr. Brodeur will speak for Canada.

Mr. BRODEUR: Lord Elgin, and gentlemen, in view of the remarks made by Mr. Deakin and Sir Joseph Ward, it will not be necessary for me to-day to state the position which Canada intends to take in regard to this question of Naval Defence. Our situation is a different one to that of the other Colonies, and should be treated as such. I think, however, it would be only fair that I should state to-day that the position of Canada has not been properly represented as far as Naval Defence is concerned. I see by a document which has been laid before us that we are supposed not to have spent any money at all upon Naval Defence. That document shows what has been spent by the United Kingdom, by Newfoundland, Australia, New Zealand, the Cape, Natal, and when it comes to speak of Canada, it is simply stated there that the Naval expenditure is none. I may say at the outset that in view of the Treaty which was made in 1818 between the Imperial Government and the Government of the United States, it was formally stipulated that the Americans should have the right to come and fish on our shores, and that they should have the right also to come into our harbours when they are looking after their fishing. Outside of that, they have a right also, in virtue of that Treaty, to go to some parts of Canada to fish on the same footing as the Canadian British subjects. This particular situation, which was created in Canada by that Treaty, induced the British Admiralty to look after the defence, or after the protection of Canada, against the poaching of these American fishermen. That duty was performed, and that protection was given to our own people during many years by the British Admiralty, but for some time, especially since 1885, absolutely nothing has been done by the British authorities. All expenditure in connection with that Fisheries Protection Service has been carried on, incurred, and made by the Canadian Government. I understand that in England the Fisheries Protection Service is also under the control of the Admiralty, and all money expended for that service is found by the Admiralty. I do not know whether, in the amount which is given in that paper as being the expenditure of the British Admiralty—33,000,000*l.*—that particular service is included or not. I suppose it is.

Lord TWEEDMOUTH: The Newfoundland one?

Mr. BRODEUR: No, I meant the Naval expenditure of the United Kingdom, 33,000,000*l.*, as the money expended for Naval purposes. I suppose that includes the Fisheries Protection Service too?

Lord TWEEDMOUTH: Yes, certainly.

Mr. BRODEUR: Of course, we would claim that the same thing should be done with Canada—that the expenditure that we make for the Fisheries Protection Service in our country should also be given as money for, and should be considered as, Naval expenditure.

I must also say that this obligation which we are carrying out to-day is to a certain extent not simply a local obligation but an Imperial obligation, because that obligation was incurred in virtue of treaties, those treaties having been passed between Great Britain and the United States without, of course, the consent of Canada. We are very glad to-day, however, to take upon our shoulders the expenditure in connection with that service. I may say that since 1885—since the abrogation of the Washington Treaty—we have spent for that service 3,147,990 dollars, and last year, 1905-6, we spent 250,000 dollars. I may say this year the money to be spent will be very much larger, because we are going to construct a cruiser which will cost us about 500,000 dollars, or 100,000*l.* As I say, we have been very glad to

take over this service and to relieve the Admiralty of so much. The same thing has been done with regard to the great lakes and in connection with the great lakes I might call the attention of the Conference to this point. It is not to be supposed, I think, that the Admiralty could do anything on the great lakes. It would not be a very easy thing to do. This service, then should be taken over entirely by the Canadian Government. As a matter of fact, it was done by the British Government for some time. They had some boats there, but those boats went away, and they were replaced by Canadian boats. We have to-day on the lakes a boat which is an armed-boat which is looking specially after the protection of our fisheries against the American fishermen, not only for the carrying out of the local regulations, but mostly, and I may say almost exclusively, for preventing the Americans from coming and fishing in our waters. We have on the great lakes (large seas, properly speaking) American States bordering those great lakes, and they are having navies of their own now. I think that three States bordering on the three great lakes, Ohio, Michigan, and Illinois, are spending not less than 15,000,000 dollars themselves for keeping up a navy on these lakes, and are drilling their men on the shores of the lakes. Besides, they have some ships which are not armed—because it would be against the conclusions of the treaty—but built in order to be prepared in case of emergency. As far as Canada is concerned, one of the first duties we shall have to look after is our protection in connection with the great lakes, I may say that the wars we have had since 1763, since Canada has become part of the British Empire, came from the United States. We had an invasion in 1775, we had an invasion in 1812, and we had the Fenian Raids in the Sixties. All those invasions came from the United States. So we have to look specially to protect ourselves in that direction, and I may say we have been doing it as far as the great lakes are concerned, not to a very large extent it is true, but to the extent of spending a sum of money which is quite important for a country of the size of ours.

Now with regard to our Naval Militia, which comes under my Department, we have been, as I said, spending some money for the Fisheries Protection Service, and carrying out in that way not only some local self-defence, but also Imperial obligations, and I am sure we have been very glad to do it, and are glad to continue to do it. We established a couple of years ago a cruiser for Canada which is manned entirely by Canadian seamen. Those men are now drilling every day. We have a certain number of young men on that boat drilling every day and taking exercises, and acquiring knowledge in connection with Naval matters.

I may say also in connection with that that we have been assuming some parts of the work which was done previously by the Admiralty not only in connection with the Fisheries Protection Service and Naval Militia, but also in regard to certain other matters. We have established wireless telegraphic stations. Several of them have been established on the Atlantic coast, and we are now under contract to establish some others on the Pacific coast. We have been asked by the Admiralty authorities to consult with them with regard to the communications of those different stations. We have been very glad to do it, and since we received that communication from the British authorities we have not established any of these wireless telegraphic stations without consulting with the British Admiralty. Those services are costing also a great deal of money, and are not included in the amount of money which has been given as our part of our Naval expenditure, though I suppose that the expenditure made in connection with wireless telegraphy in England is also under the control of the British Admiralty, and is included in the amount which is given here.

We have taken over also the Hydrographic Survey, and we are to-day extending the Hydrographic Survey. We have engaged the services of a

naval officer of the British Admiralty for the purpose of making our Hydrographic Survey. We are building a boat on the new Pacific coast for that purpose, also, and we have two boats now engaged on that service on the Atlantic coast. I know that the British Admiralty have some two boats; I think one in the Atlantic Ocean and the other in the Pacific Ocean, now making some hydrographical surveys. We are ready to take over this service at any time the British Admiralty would like us to do that work.

We have taken over, or are going to take over, the Halifax and Esquimalt Dockyards—in fact, we are in possession already, from the 1st January, of the Halifax Dockyards. I do not know exactly how much those dockyards were costing the British Admiralty—or the one at Halifax, but I may say we have assumed all the obligations in connection with those dockyards, and we have provided speciallty hat the amount which the British Admiralty was to pay as an annual subscription to the graving dock at Halifax would be paid by us instead of by the British Admiralty. We have, as I have said, provided for the establishment of docks at Halifax and Esquimalt, so I think it would be only fair that in the statements published giving the monies spent for naval expenditure, the amount spent by the Canadian Government in connection with those different Services I have just mentioned should be included in such Naval expenditure.

I do not think for a moment it will be necessary for me to discuss the question further, because I understand the discussion will be taken up on some other day.

Dr. JAMESON: I will ask Dr. Smartt to speak for Cape Colony.

Dr. SMARTT: Lord Elgin, and gentlemen,—I think that, as the result of the interview which Lord Tweedmouth was kind enough to grant to Mr. Moor and myself with regard to the naval defence of South Africa, he is thoroughly in possession of the views of the Cape; and I therefore listened with all the more pleasure to the clear statement made by him and to the express statement that the Admiralty would view, in the most sympathetic manner, any proposition coming from any self-governing portion of the Empire with a view to improving the naval resources.

Now I can thoroughly understand the position taken up by Canada's representative, which is, to a certain extent, moving in the direction laid down by Lord Tweedmouth as one of the express lines of policy desired by the Admiralty. Canada, it is stated, is doing a great deal in the direction of improving her harbours, which harbours would not only be of assistance to herself, but also to the Admiralty in time of trouble. But I think a great deal of the expenditure referred to in connection with what might be described as the policing of the seas with the view of protecting their Fisheries, is similar to that made (perhaps in a much heavier way) by the Cape Colony and Natal in connection with the forces which, owing to the large native population, it is necessary to maintain and which is not the case in other Colonies. But, Lord Elgin—I do not think the people of Cape Colony would for one moment desire to raise that as an argument to prevent our meeting the legitimate obligation that rests upon us as a portion of the Empire in assisting Great Britain in her naval defence, and I think Mr. Moor will say the same of the people of Natal. Lord Tweedmouth has told us of the enormous work done by the Navy. I think that is recognised by every portion of the Empire; and while we are pleased to hear of the magnificent position in which Lord Tweedmouth and his responsible advisers consider the Navy to be, we in the outlying portions of the Empire, recognising, as was laid down by Mr. Haldane in his statement on Military Defence the other day, that the first line of defence is the Navy, and that, if that line of defence is broken through, the whole fabric of the Empire will crumble to

pieces, are prepared to recognise that we should do everything, with the assistance of the Admiralty, to try and make that first line of defence, if possible, still stronger than it is at present.

On behalf of Cape Colony, I at once acknowledge that the contribution that we give at the present moment is not adequate to our position, and is not adequate to the services that the Navy renders to us. We are now trying to do something to infuse a spirit of enthusiasm into our young men to come forward and enrol themselves in a corps of Naval Volunteers, and I trust that the Admiralty will meet that corps by allowing it to be established as a force not of Naval Volunteers but of Royal Naval Volunteers. I am able to state that it is the intention of the Government to introduce a Bill into Parliament next Session whereby every member of that Naval Volunteer force will enrol not only for service in local waters, but for service in any part of the world that the British Admiralty might consider such service necessary should a period of danger unfortunately arise. We, to be able to keep up the necessary spirit of enthusiasm in a force of this sort, must have some means of giving them practical training; and I gather from what Lord Tweedmouth has said that the Admiralty will be prepared to treat sympathetically every portion of the Empire on a basis best suited to its individual requirements, and further will be prepared to do what would be very acceptable to the Cape; that is, allow us to take over a small ship, necessary for the training of these men, and, until other arrangements can be made, to devote to the up-keep of that ship a certain portion of the grant that the Cape and Natal now give towards the British Navy.

I also fully agree, and am perfectly certain that the people at the Cape will agree, in the necessity of assisting the Admiralty, that we outlying portions of the Empire should provide small craft, such as submarines and torpedo-boats, not alone for the defence of our shores, but to be joined on to any squadron sent from Great Britain in periods of great emergency, it being a great difficulty, or almost impossible, to send torpedo craft many thousands of miles to sea. As the Admiralty say they would welcome a departure of that sort, I think the people at the Cape, knowing that they were really fundamentally assisting in building up the Navy, would, when times improve, be prepared to increase their contribution; and I also presume that that would be the position of Natal. I hope that we would be joined in that position—especially as the spirit of federation is now so strongly evident in South Africa—by the inland States, that is the Transvaal, the Orange River Colony, and perhaps Rhodesia. I think everybody recognises the burden upon the British taxpayer. I should think at the present moment, Lord Tweedmouth, that the Admiralty is taking out of the general taxation of Great Britain something over 20*l.* out of every 100*l.* for the up-keep of the Navy. You are paying roughly, I suppose, 15*s.* or 16*s.* per head of your population. Well, in comparison with that, look at the contribution of the Cape—(50,000*l.* a year), and the contributions of the other portions of the Empire towards the up-keep of the Navy. It is about a sovereign, perhaps, out of every 100*l.* of the general revenue. We must recognise that while it is of the first importance to Great Britain to protect her enormous over-sea trade, it is also of equal importance to South Africa, and to the other portions of the British Empire, to protect their trade over the seas—which is of as great importance to them as the trade of Great Britain is to her. If the Admiralty would work out a scheme and discuss it with us, we would be prepared to see how far we could work up in that direction, so that our contribution would be of the greatest possible assistance to the Admiralty; and the assistance in this direction would naturally appeal much more forcibly to the people and give them a stronger individual interest in the fleet than simply a monetary contribution would do.

With regard to docks: that is also a matter in which we could assist, but I would like to point out that as these docks would not alone be used for commercial purposes, but also for naval purposes in time of war, they would be practically useless if they were not adequately defended. Another matter on which we would like to have the advice and assistance of the Admiralty, is as to the character of the defences in such an important strategical portion of the Empire as Cape Colony, because, if we find that it is necessary, as we think it is, to improve those defences, we would be quite prepared to discuss what our proportion of the contribution towards the improvement of those defences should be. Lord Tweedmouth has told us that the Admiralty are increasing their dock accommodation, and that there are already some thirteen docks that will take in ships of war even of the size of the "Dreadnought," and that one of those docks is, I believe, Simonstown. Now I presume that, from an Admiralty point of view, it is not alone the question of the size of the dock to accommodate a ship of a certain tonnage, but the question of a ship being able to get into that dock under all conditions of weather. I would like to be assured by the Admiralty on this point as to the docks at Simonstown. The advice I have is that, as the Simonstown Docks have been constructed, at the present moment in the prevailing wind at certain seasons of the year (that is during periods of howling south-easters) it might be very difficult for a ship to get into the Simonstown Docks. I would like to be assured that the necessary works to allow that to take place are under contemplation by the Admiralty, because to have a dock which you are not able to use in all weathers (especially in time of war) to my mind, detracts enormously from the value of that dock; and I hope that this is a point that the Admiralty will fully consider before it is too late and the Simonstown Docks are fully completed.

Before we return, we hope that, with the advice and assistance of the Admiralty, we shall be able to devise some scheme whereby our Naval Volunteers will be established and strengthened in number, in conjunction with Natal; and also that the Admiralty will advise us as to what is the best manner in which we can move on the lines of the policy laid down by the Admiralty. I think the people of the Colony would welcome a departure of that sort, and I believe would recognise that, if further contributions in such a direction were necessary, they would be willingly met by the Colony.

Sir ROBERT BOND: Lord Elgin; and gentlemen,—For more than 400 years the Fisheries in Newfoundland have been a recruiting ground for the British Navy. It is so to-day. It may be so to a far greater extent in future than it is at present, for there are some 60,000 fishermen engaged in that Colony of a physique developed by their avocation, which makes them most suitable for His Majesty's Navy.

In 1902 I entered into an agreement with the Admiralty, on behalf of my Colony, in the matter of the establishment of a Naval Reserve, which should be liable for service, if found to be necessary, beyond the limits of the Colony and in any part of the Empire. Up to the present time it has been a very marked success indeed. On the roll there are now some 590 men who have distinguished themselves in His Majesty's Service, according to the reports of the Commodores upon that station. Any large contribution that the Colony may give in the future must be in the direction of the service of such men. This is necessarily so because while the Colony that I represent is not like that of my friend, Sir Joseph Ward, a new Colony, for on the contrary, it is England's most ancient Colony, still the conditions that apply there at the present time are almost identical with those that have been pourtrayed by Sir Joseph Ward. The Colony for the most part is an undeveloped one. The expenditure

necessary for its development must come from the resources of the Colony. We stand in an exceptional position amongst all other Colonies of the Empire, I think, in that we have not received any assistance from His Majesty's Government—money assistance, I mean—in the direction of promoting the industries or the development of the Colony. Yet at the present time the Government owns some 700 miles of railway, nearly 1,500 miles of telegraph, 300 miles of cable which connect the Colony with the neighbouring continent, and a dock which up to a very recent date was pronounced to be one of the finest in British North America. All these great undertakings have come out of the funds of the Colony itself. In the future, I take it, we shall have to look to our own resources, and such being the case, as I mentioned a moment ago, any large money consideration or contribution towards the Navy can hardly be expected from the colony of Newfoundland.

There is a matter that I am pleased my friend the Canadian Minister of Marine has touched upon, namely, the expenditure incident to the policing of the waters consequent upon treaties entered into many years ago by His Majesty's Government with certain foreign nations. While the liability of expenditure to which my friend the Canadian Minister referred only applies to the Americans in his case, we have a further obligation in the Colony of Newfoundland, inasmuch as by virtue of a treaty entered into with France many years ago, she occupies St. Pierre and Miquelon islands off our south coast, which are a continual menace to our revenue. What I mean is this, that a system of smuggling has been carried on from St. Pierre for a number of years. We have estimated the loss to our revenue at something like 150,000 to 160,000 dollars a year. We have to police—at very considerable expense to our revenue—the waters of the south coast in the neighbourhood of St. Pierre and Miquelon. We also have to police our waters right around the whole coast line of nearly 4,000 miles to protect our fisheries and protect our revenues from encroachment at the hands of the American fishermen. My friend, the Canadian Minister of Marine and Fisheries, has contended, I think, with very much force and very much justice to his Colony, that the expenditure incident to that protection service ought to appear really as a contribution from his Colony towards Naval Defence, because unless the Colony provided that protection service itself I take it it would be regarded by His Majesty's Government as a duty incumbent upon itself to supply such protection, inasmuch as the necessity is one that the Colony can hardly be held responsible for. The argument applies with greater force in the case of Newfoundland. The treaties are of old standing, namely, that of 1818 with the Americans, and the Treaty of Utrecht with France more than a hundred years older. They were made without the consent of the Colonies by the Imperial Government in the interests of the Empire. Therefore I respectfully submit that the expenditure that the Colony is called upon to make for fishery protection service by reason of those treaties might be properly regarded as a contribution toward naval expenditure.

Under the agreement that was entered into in 1902, to which I have made reference, the liability of the Colony is to the extent of 5*l.* sterling per head for every man recruited in the island, His Majesty's Government assuming the whole of the balance of the expenditure in connection therewith. The arrangement that was made having worked out entirely satisfactorily to the Colony, and I believe, entirely satisfactorily to His Majesty's Government, I assume there is no reason for any revision of the agreement that is existing.

I have only to add that I shall be pleased to recommend to my Government a further increase to the amount that is at present being contributed if it is deemed desirable by His Majesty's Government to

increase the number of reservists in the Colony. I will go so far as to say that we would assume double our present liability upon the same basis as that set forth in the existing agreement.

With regard to the matter of dock provision. The Colony built a dock some years ago, at a cost of some 650,000 dollars, and it is regarded as one of the largest docks, if not the best, in British North America.

With respect to coaling facilities for His Majesty's Navy, the Colony at the present time is expending a very considerable annual amount in developing the coal measures, which not only exist on the south-west coast of Newfoundland, but also in the interior of the island, and it is hoped that these deposits will be such as to warrant us in going much further than we have gone up to the present time, and at no distant date offer facilities for naval supplies. The coal is of excellent quality.

We are also encouraging the development of the petroleum areas of the west coast. When I was in England in 1905 the Admiralty communicated with me in respect to the petroleum areas of the west coast, and showed very great interest indeed in the possibilities of that country. Mr. Pretyman, who was at that time Parliamentary Secretary to the Admiralty, assured me that the matter was of special interest to his Department, and expressed a hope that the Government of the Colony would do what it could to aid in the development of those deposits. That we have done, and that we are still continuing, and I hope the efforts in this direction may yet result in being of material advantage to His Majesty's Navy.

I have nothing further to add at present.

Mr. F. R. MOOR: Lord Elgin and gentlemen, I have to thank Lord Tweedmouth for the clear way in which he has laid big problems before us this morning, and I have also to thank him on behalf of Natal for the sympathetic way in which he seems to have met both the Cape Colony and the Colony I represent in the direction we have been indicating to him at a conference that Dr. Smartt has already referred to.

We feel that in South Africa individual Colonies, divided as they are at present, are not sufficiently strong to do all that they should be doing towards helping the British Navy, and as far as the Cape and Natal are concerned, having duly talked the matter over, we feel we might more adequately assist if we had some kind of union together with the advice and the assistance of the Imperial Government. Our idea is that being more or less in union with each other, we shall have better results, and will be able to have more scope for the movement we are trying to promote in these Colonies. For some years in Natal, and I believe also in Cape Colony—in fact I know it is so—we have had a movement there started, so far as Natal is concerned, by the late Mr. Harry Escombe, who was one of the best public men we ever had in the Colony, to promote a spirit of assistance towards the Imperial Government in regard to harbour matters and the building up of the Naval Reserve. He, my Lord, was the father of the corps that we now have in Durban, known as the Naval Reserve Corps. This corps has done admirably, is very enthusiastic, has been in the field on several occasions, and took a most prominent part in the late outbreak that we had there—the rebellion. But this corps is more or less dying of inanition, because it feels that it is not having recognition as regards its value or its services in a direction that it is essentially organised for, that is, with regard to its naval training. We cannot give that naval training or promote any further that spirit of assistance unless we have the assistance of the Admiralty. And, as already indicated by Dr. Smartt, it did occur to us that if the Admiralty could help us with a ship we might be able to utilise the services of these men with the ship, as between different ports on our coast, and give these men that sea training which is so essential not only for their use, but in keeping alive the movement. It would bring the

movement closely in evidence; it would bring it to the notice not only of these men but to the notice of the Colony, and would raise a spirit of enthusiasm which we cannot hope for unless we do have something of that sort.

From the statement we have had this morning it seems that the Admiralty is realising there may now come about a new departure with regard to the defence of these outlying portions of the Empire, that is in the direction of the utilising of smaller craft. These scientific craft are highly technical, I take it, but they could be used in our waters very effectively, not only in the event of war, but in the meanwhile for the training of our local people, and also as one of the best means for repelling any threatened attack by a cruiser or any ships an enemy might put round our coast, and deterring, perhaps, the attack from being delivered.

That being the case, I feel that I should put myself here entirely in the hands of the Admiralty and the Home Government as regards advice. We are here to learn, to exchange ideas with you, and where possible to give you every assistance in our power, and if our first crude idea is not one that commends itself as the most efficient to the Admiralty, by all means let us take advice, and I promise that we will do our best to forward the movement that Lord Tweedmouth has indicated to us this morning.

I can only say this, that as regards our local defences we are trying to do our best. My little colony has just spent some 700,000*l.* or 800,000*l.* of money in quelling a rebellion among the natives. That is a danger we all of us in South Africa have to face, and I think we do fully realise that we have to face that in the future and we have to provide efficient men and means for being able to govern these people without looking to the Home Government. Putting it against the arguments that have been adduced by the representatives of Canada, and also the last speaker, Sir Robert Bond, I do humbly submit that it is a set off to the arguments that have been adduced as regards policing their waters. We have in Natal made and wrenched from the reluctant hands of nature one of the finest harbours in the southern hemisphere and it has cost us millions of money to do it. That harbour to-day is at the disposal of the British Navy, with all its furniture and all its conveniences, and all we ask of you is to advise us how to turn those facilities, that we have carried out entirely at our own expense, to the greatest advantage for the common good. I do not say it with the idea of trespassing on the claims of my sister colonies in South Africa, but we have the finest coal that has yet been discovered in South Africa. That coal is available in any quantity that you may desire at our harbours, and we are providing these facilities for handling it and for getting it into depots as may be desired in the interests of its use not only commercially but for defensive purposes.

I feel that this contribution we are now giving in money would be perhaps more advantageously spent if it was more in the direction of men and material—a direction that would appeal to the people, so that they would have evidence that it was really a living organism which we had started and it would encourage them to go on with the good work. With regard to what Dr. Smartt has said as regards increasing the combination, when the time comes that we can afford it, and when we have, as I hope we shall have, the federation of our Colonies an accomplished fact, I do trust that we will be able to increase our contribution. But I do trust also that the Admiralty will meet us in getting that contribution made more in the direction which I have tried to indicate than by simply a cold lump sum, voted on our estimate, for which we have no actual evidence as directly concerning the people we represent.

I have nothing more to add, only I wish to emphasise that I do thank Lord Tweedmouth for the kind way in which he is trying to meet our views, and I hope that with the advice of the Admiralty some good will come out of the movement we are attempting to advance.

General BOTHA: Lord Elgin and Gentlemen, the Transvaal is in a unique position with regard to this question. We are inland and we have absolutely no harbour. I was nearly going to say our friends in the Mother Country always kept us well away from the sea.

I have gone through this Statement, and the 177,000*l.* that is our expenditure in the Transvaal only indicates the sum we spend on volunteers. But there is another force in the Transvaal on which we spend a big sum of money. This is a force that was brought into existence after the war, and which is there still. It is the South African Constabulary, and that body costs the Transvaal about a million pounds every year, so that our expenditure is really very much more than would appear from this Statement.

On the item of expenditure on the Navy we figure as nil, but the question arises with me whether it would be practicable to give a sum of money. I think the best way in which we at present in the Transval can assist the British Empire in general is to get the Transvaal to unite with the rest of South Africa in a practical way on the question of defence. The position is to-day that although we are spending very much money we practically have no reliable defence in the Transvaal. And we notice especially with regard to the recent rebellion in Natal that we are not sufficiently prepared for all contingencies. In South Africa we have a situation which may become a very serious one and a menace to our position, and if we do not set to work very carefully there, we run the risk that one day possibly half of the white population may be mown down without our being in a position to help them. Bearing this in mind, my opinion is that we should federate, at any rate with a view to defence, in order to remove the possibility of such a danger. I have not had the opportunity of discussing the question of a naval contribution or aiding the British Navy with my Government, and still less with the Parliament of the Transvaal, but what I have in my mind's eye to propose is a system of defence for the whole of South Africa, and if the Parliament of the Mother Country thinks we can aid the Empire in that respect, we shall be prepared to spend a large sum of money for that object. I think that at present we are so constituted in the Transvaal that we shall find it difficult to make a contribution to the Navy by way of a money payment.

CHAIRMAN: Gentlemen, the First Lord of the Admiralty would like to say a few words in reply to the observations which have been made, but I think that he agrees that effect must be given to the request of Mr. Deakin, who has been called away by another engagement, that there should be another opportunity of resuming the discussion later; therefore I propose to ask Lord Tweedmouth to make his reply now, and I will make a suggestion with regard to the resumption of the debate when I mention the other arrangements at the conclusion of the meeting.

Lord TWEEDMOUTH: Lord Elgin, and gentlemen. I think that the general discussion and the expressions of opinion on the part of the Prime Ministers who have spoken is very satisfactory. I think they form a good basis for an eventual agreement on the lines which I have ventured to foreshadow. Of course it is impossible to settle details now and here. I hope that some of the Prime Ministers and their friends will come and talk over

that question with me as to how the wants of each particular Colony may be met in the sort of way that I have roughly suggested.

There are just two or three points that I think I ought to allude to. The first is the question of manning, which is a very important one. The present view of the Admiralty undoubtedly is, after very careful consideration of the whole subject, that the conditions of modern war probably would lead rather to the loss of ships than of men; that the results of the Japanese War and other experience have shown that the loss is rather one of ships than of the men who are on board those ships; that there is always a considerable number of men saved even if a ship is lost, and that the loss of men in a naval battle is small in proportion to the loss of men on land. That must always be remembered. So that what we may naturally expect is that as a war goes on and we are subject to the casualties of war we shall find that we have a number of men at our disposal, whose ships perhaps have either been damaged or lost, to use on board other ships.

Another point that I should like to remind you of is the long time under modern conditions that it takes to train a man properly to do his work efficiently on one of these great modern battleships. I think I am not exaggerating in the least when I say that for the higher ratings on board ship certainly six years are taken to train a man to do his work properly. The higher ratings now in the Navy are really trained and skilful mechanics, and they only are able to take the duties of those ratings and to undertake the machinery, gunnery, torpedo, and other work of that sort. Untrained men are useless for that work, and therefore we are bound to have men who have gone through a long and careful training.

Then it is the same thing, to a still greater extent perhaps, as regards the officers. I do not consider that an officer really can start on his career now on less than eight years' training. Of course, we take them very young—at 13 now—and by the time they are 21 or 22 they become lieutenants, but even then I do not for a moment suggest that they are fully capable of discharging all the important work that has to be done by officers. This, however, I can say with the greatest confidence, that you may have the most magnificent ships, guns, armour, and everything else, but if the human element is not very properly trained, your guns, your armour, and your ships are absolutely useless. The whole history of our Navy shows that the self-sacrifice and endurance of British sailors has been beyond compare, and I believe at this moment they have reached a higher state of efficiency than has ever been known before in the history of our country. I make that remark, because I think it is only fair to warn the Conference that the admission of an unlimited number of men to the Naval Service is in practice impossible. I mean we should have nothing for them to do. We should not be able to employ them.

Then there is a point which has been alluded to more than once by speakers, and that is the question of the distribution of ships. At this moment no doubt we are under certain obligations with regard to Australia as to the ships that are to be on that particular station. If, in future, as I hope will be the case, there will be greater concentration of the ships, I want it to be very distinctly understood that I do not believe that our dominions beyond the seas would suffer in any way from such an arrangement. They would not even suffer in the show made by British ships in Colonial waters, because though it may be perfectly true that vessels may not be so frequently on the station, yet, as I believe, future developments will lead to the Colonies not having the secondary or not quite the best of the ships, but they would see the big battleships and cruisers from time to time. This would really give a much greater show and give the Colonies a much better idea of what the British Navy is than the ships that they have now stationed permanently

in their waters. That has been undoubtedly the case in the Northern Hemisphere since the concentration of the Fleet in Home waters. The visits made by squadrons to foreign powers and foreign cities have been much more impressive, much more frequent, and much more useful than they would be if only comparatively few ships were sent at a time to particular foreign ports.

Sir Joseph Ward referred to the question of pay. That is a very important one. It is quite true that we have had trouble from the fact of the Colonial men serving at a higher rate of pay than our own British sailors. I think it was inevitable, and of course we must try to make as good an arrangement as possible for mitigating the evils of the system. At the present moment in Australia the pay is not paid directly to the men on board ship, but is paid to them through the Post Office on land, the idea being that they would leave their money in the Post Office and would not spend it with their British comrades whilst they were on board ship. As a matter of fact I think that idea has proved false. I have the figures here, which are very curious. In Australia, out of 32,300*l.* paid to the Savings Bank since the beginning of the agreement—that is up to the 30th June 1906—only 2,800*l.* has remained in the Savings Bank, showing that the men have drawn out the money at once, and have expended it whilst they were on service in British ships. Therefore, they were living and are living at a higher rate than their British comrades on board the ships, and they spend their money on various things, clothes, or food, or one thing and another. They do live on a different scale and in a different manner to the British sailors who are serving alongside them, which leads, no doubt, to difficulty. I think that is an unfortunate thing, and what I should suggest would be that in those cases we should adopt a system of deferred pay, so that the Colonial sailor should not be paid his extra pay till he has fulfilled his time of service. When his time of service expired, then he would receive the whole payment due to him for the whole service, and would have a considerable sum with which to go away from the ship, and he could use it on land for some really useful purpose rather than fritter it away in having a good time on board ship.

Sir WILLIAM LYNE: Is it not possible that that money was drawn out of the Savings Bank to support wives or parents on shore?

Lord TWEEDMOUTH: Of course that may be so.

Sir WILLIAM LYNE: I think that most likely accounts for a portion of it.

Lord TWEEDMOUTH: I am afraid a good deal of it is spent by the men on board. I quite admit Sir William Lyne's point is a good one, and no doubt an arrangement ought to be made to enable them to transfer money to those belonging to them, and the people they have to support while they are on board ship.

I ought to say that we here make no sort of reflection on Canada, and we do not for a moment accept the criticism to which Mr. Brodeur referred. We hold that Canada is perfectly free to come to any resolution. We hope to have their help, but still they are quite right to look after their own interests, in the full security that so far as the British Government can be of use to them in their defence in time of need, they may depend in any circumstances on our giving that aid with the greatest joy and without any sort of drawback whatever.

Dr. Smartt made a great point that the Naval Volunteers should receive the title of "Royal." That depends, I think, chiefly on the local legislature passing a Bill registering the Naval Volunteers as a regular force. I think as soon as that Bill has passed through the Cape Legislature there will be no difficulty in their coming under the title of "Royal."

With regard to the point raised as to the dock at Simon's Bay, I will discuss it with the Hydrographer at the Admiralty and see what truth there may be in that allegation that the dock at Simon's Bay is not accessible in certain winds. I fancy there is some question of a breakwater to be added.

Dr. SMARTT: What I gather from seamen who know that coast is that in a howling south-easter, which very often blows for two or three days, the sweep of the wind playing on the entrance to the dock might make it unsafe for a battleship or cruiser to enter. I understand that that could be remedied by an expenditure of a not very large amount of money.

Lord TWEEDMOUTH: I believe there has been some additional breakwater contemplated.

Dr. SMARTT: I believe so.

Lord TWEEDMOUTH: I do not know the details of it, but I must get it from the Hydrographer.

Dr. JAMESON: Practically the extra expenditure necessary would be 50,000*l.* or 60,000*l.*

Dr. SMARTT: Say 60,000*l.* or 70,000*l.* to make it complete.

Lord TWEEDMOUTH: Then Sir Robert Bond referred to the Newfoundland Naval Reserve men. Your Chairman and I saw a squadron of them in this very quadrangle last summer, and we were struck by the smartness of the men, and we had a most excellent report of the service they do. We are very pleased to have the help of these men who are trained to the sea and who must be, and are, most efficient fellows, and of course we shall be glad to consider Sir Robert Bond's suggestion that there might be a possibility of some addition to these reservists.

The same remark that I made to Dr. Smartt applies to what Mr. Moor said about the Natal Naval Corps. They have not been registered as naval volunteers. It would be necessary to have a Bill passed in the local legislature before that is done. At this moment I think from the reports I have received that the Natal Naval Corps is practically used as a sort of garrison artillery; that they do not at all train at sea; that they have some considerable guns under their charge—four 6-inch breech-loading guns, one 12-pounder quick-firing gun, two ·45 Maxim guns, and two quick-firing Hotchkiss guns. In the last defence scheme, this body is to take charge of the guns in case of war or any attack as I understand. That I believe is the last arrangement under the Defence Committee.

I quite recognise that General Botha is in rather a different position from the other Prime Ministers, and, of course, the case of the Transvaal is quite different, in having no coast at all. Still, we shall welcome any help that General Botha may be able to give after consultation with his Government and his Parliament to the general Naval Defence of South Africa. I am sure anything of that sort would greatly help what, I hope, may very soon come about—the federation of all the different Colonies now existing in South Africa.

All I can say is, that I shall be only too glad to confer with any members of the Conference who may wish to go into greater detail with regard to the arrangements that can be made under the suggestions that I have made to-day, and then I think if we had another talk at the Conference after that, we might, perhaps, come to some defined resolution on the subject.

CHAIRMAN : I think my best plan is to move the adjournment of this debate.

It was arranged at the last meeting that Emigration should be taken on Thursday at 11. We might, perhaps, also put on the agenda Naturalisation as another subject, in the hope that we might reach it. The Home Secretary, who will deal with that subject, would be able to attend.

Adjourned to Thursday next at 11 o'clock.

Sixth Day.
25 April 1907.

SIXTH DAY.

HELD AT THE COLONIAL OFFICE, DOWNING STREET,
THURSDAY, 25TH APRIL 1907.

PRESENT:

The Right Honourable THE EARL OF ELGIN, K.G., Secretary of State for the Colonies (President).

The Right Honourable Sir WILFRID LAURIER, G.C.M.G., Prime Minister of Canada.

The Honourable Sir F. W. BORDEN, K.C.M.G., Minister of Militia and Defence (Canada).

The Honourable L. P. BRODEUR, Minister of Marine and Fisheries (Canada).

The Honourable ALFRED DEAKIN, Prime Minister of the Commonwealth of Australia.

The Honourable Sir JOSEPH WARD, K.C.M.G., Prime Minister of New Zealand.

The Honourable L. S. JAMESON, C.B., Prime Minister of Cape Colony.

The Honourable Dr. SMARTT, Commissioner of Public Works (Cape Colony).

The Right Honourable Sir R. BOND, K.C.M.G., Prime Minister of Newfoundland.

The Honourable F. R. MOOR, Prime Minister of Natal.

General The Honourable LOUIS BOTHA, Prime Minister of the Transvaal.

Mr. WINSTON S. CHURCHILL, M.P., Parliamentary Under-Secretary of State for the Colonies.

Sir FRANCIS HOPWOOD, K.C.B., K.C.M.G., Permanent Under-Secretary of State for the Colonies.

Sir J. L. MACKAY, G.C.M.G., K.C.I.E., on behalf of the India Office.

Mr. H. W. JUST, C.B., C.M.G.,
Mr. G. W. JOHNSON, C.M.G., } *Joint Secretaries.*

Mr. W. A. ROBINSON,
Assistant Secretary.

ALSO PRESENT:

The Right Honourable HERBERT GLADSTONE, M.P., Home Secretary.

The Right Honourable JOHN BURNS, M.P., President of the Local Government Board.

Sir M. D. CHALMERS, K.C.B., Permanent Under-Secretary of State, Home Office.

Mr. C. P. LUCAS, C.B., Assistant Under-Secretary of State for the Colonies.
Mr. H. BERTRAM COX, C.B., Assistant Under-Secretary of State for the Colonies.
Mr. J. PEDDER, Home Office.
Mr. H. LAMBERT, of the Colonial Office and Emigrants' Information Office.

EMIGRATION.

CHAIRMAN : Gentlemen, we are to proceed to-day with the consideration of the subject of emigration, which is a subject which, I think, has already received considerable attention both in the Colonies and in this country. If I understand rightly, the Canadian Government have their own system for dealing with this question. The Australian and New Zealand Governments have also, I think, had it under consideration. As regards ourselves in this country, we have had an inquiry by a very competent Committee, on which Colonial opinion, I think I may say, was represented, because the Chairman was Lord Tennyson, and the Report of that Committee and the evidence has been forwarded to the Governments of the Colonies for their consideration. I therefore think that we may, perhaps, come more directly to a specific point on this question than, perhaps, on some other subjects which have been before us, for in the despatch from this Office forwarding these papers to which I have referred, the third paragraph drew the attention of the other Governments to the question of whether or not they were willing to accept state-aided emigration. I explained that for my colleagues and myself we would wish to be assured on this point before considering the matter from the point of view of the Mother Country. I would suggest, therefore, that in the discussion which is now to open, that the particular point might be borne in mind specially. My Right Honourable friend, the President of the Local Government Board, after hearing the views to be expressed by the other members of the Conference, would be prepared to state his opinion upon that and other points connected with this subject. I, therefore, invite the other members of the Conference to proceed to discuss the question from that standpoint.

Sir WILFRID LAURIER : I suppose, my Lord, it would be natural we should first hear the views of the Colony of Australia which has brought this matter to the attention of the Conference.

CHAIRMAN : Yes. I omitted to say that one resolution submitted is by the Commonwealth.

Mr. DEAKIN : My Lord and gentlemen, in touching upon this question my first duty is to remove an apparent misapprehension. The question of immigration to us is the question of emigration from you. The question of emigration is as distinctly a British question as that of immigration is ours. To what extent the Government and Parliament of Great Britain desire to foster emigration is for them to discuss and decide. I shall therefore look at immigration from our point of view, and not from the point of view of the Mother Country, because upon that the representatives of the people of that country are necessarily themselves the judges. Any remarks, therefore, which I may make in regard to our desire for immigration are subject, of course, to that necessary preliminary qualification. One aspect we necessarily must leave in your hands, as it pertains to you and to you alone.

We commence, with the fact that there is an emigration from this country. Whether that be stimulated by the Government or retarded, or conditioned, there is the emigration actually proceeding. The first matter, or the first aspect, to which we draw attention is that while emigration continues, we venture to submit that there is an obligation upon the British Government to direct those who are leaving its shores to some part of the Empire, and, if not actively, to at all events passively discourage the migration of people of British stock to other countries under other flags. Of course, the emigrant chooses for himself. He may, for his own reasons, prefer either to join friends who have already left, or in order to follow some particular calling desire to pass outside our territories. That the emigrant will decide. But, subject to that free choice, what we submit is that so far as the Government of this country acts at all its action should be to direct its sons and daughters to its own Dominions where there is ample room and more than ample room for all who may leave this country to settle abroad. The position appears to us to be so clear as scarcely to need argument. It is a fact that in the Dominions beyond the seas the inhabitants are greater consumers of the goods of this country than any other people. The man who settles in Canada, or Australia, or South Africa, purchases more from the Mother Country than if he went to the United States, to South America, or to any other country under another flag. That counts for something. What counts for more is that none of the great Dependencies are yet anything like effectively populated. There is boundless room for settlement in most of them; and that settlement not only enhances the prosperity of that part of the Empire, and not only increases its trade with the Mother Country, but is a guarantee for the permanence of the control of those great territories by our own people and by our own race. I use the word "race" here generally and in no invidious sense. We quite recognise that in Canada and in South Africa we have two races with whom we are most intimately associated. We look forward in those countries to a gradual merging into a common stock. They are so closely akin to each other that there is no obstacle to a complete blending of the two. Ultimately, there will be a Canadian people, and a South African people, who, while associated with the Empire as closely as possible, will not have within themselves the consciousness of any division. In the same way we recognise that it is, perhaps, hardly possible for us in Australia to draw from the Mother Country the whole of the people for whom we are at once able to provide. We should be very happy if the peoples who come from outside the Mother Country to dwell and blend with us were people of French or Dutch extraction. We have in Australia, though in minor numbers, both French and Dutch settlers already who are among the most valued citizens we possess. Consequently we look forward to blending in Australia, to some extent at all events, though perhaps to a small extent, with races friendly, closely allied, and similar in character. Now take the point of view of the Empire, and look forward to a very remote contingency. Suppose that Canada in course of time becomes densely peopled, supposing its people overflow—I take that, of course, as an illustration merely—it would be the paramount interest of all the other self-governing peoples that those Canadians who desire to leave their country should settle in some other portion of the Empire for commercial reasons, for racial reasons, and for every reason. Consequently, we venture to submit that in whatever way the Government of this country may think right and proper to intervene in the matter of emigration, in this one direction we are, perhaps, entitled to press them for some action; that is to say, that all they do shall encourage settlers to pass to any part of the Empire they please, so long as it is a part of the Empire, and shall, at all events negatively, discourage and certainly not assist them to go to countries which are not under the Flag. At present I understand whatever information

is given is given indiscriminately, and that those who are anxious to go to North or South America beyond our territories, and beyond the Flag, are practically as much assisted and encouraged as if they were going to Colonies within the Empire. I cannot myself vouch for that statement, but am so informed by some of those who have been associated with their going. Under these circumstances, we put forward our first plea, which is that for all our sakes the stream of emigration from the Mother Country ought to be directed as much as possible towards some portion of the King's Dominions, and it ought not to be assisted in any way towards the Dominions of any other Power. That is the purpose of the first portion of our resolution: "That it is desirable to encourage British emigrants to proceed to "British Colonies rather than to foreign countries." I do not know whether it would meet your wishes, and the wishes of the rest of the Conference, if I stop here, so that this question in which we are all interested, and on which we can all speak, may be settled before passing to the second part, which relates to further action by the Imperial Government.

Sir WILFRID LAURIER: There will be no contrary opinion, I think, to that proposal. I think we can all accept it as granted at once: "That it "is desirable to encourage British emigrants to proceed to British Colonies "rather than to foreign countries." Everybody would agree to that.

Mr. DEAKIN: I should hope so. May we take that as passed?

Sir WILFRID LAURIER: What will it lead to? I look upon this simply as a preliminary.

Mr. DEAKIN: If that is settled I will then proceed with the second part.

Sir JOSEPH WARD: I want to say something on it somewhere.

Mr. DEAKIN: Would it be on the first part?

Sir JOSEPH WARD: Either on the first part or the second part?

Sir WILFRID LAURIER: I do not think there is anything to say against this part.

Sir JOSEPH WARD: Only there are some general points on which I, as representing New Zealand, should like to say a word or two. Like Sir Wilfrid Laurier I most cordially assent to the first part, but it is just a question whether we should not discuss the whole matter on the first proposal.

Dr. JAMESON: The second portion is the practical part. Would it not be well to have some practical suggestion from Australia before going into the discussion, to save going all over it again?

Sir JOSEPH WARD: I support the first part generally.

CHAIRMAN: I do not think there is any dissent on the first part?

Sir JOSEPH WARD: No.

Mr. DEAKIN: I hope not. The second part is "That the Imperial "Government be requested to co-operate with any Colonies desiring immi- "grants in assisting suitable persons to emigrate." Here we take a step further. The Imperial Government is asked to co-operate with every Colony desiring immigrants. If there are any portions of the Empire which do not desire immigrants, to them we have nothing to say. But most of us are eager to obtain them, and far more eager to obtain them from the Mother Country than from elsewhere. They blend with us in the working of our social and political institutions, they enter into our life in all its phases without any sense of separateness or strangeness, and hence we are most eager to obtain them.

The extent to which the Imperial Government will co-operate has been left unspecified for the reasons previously given. That is a matter on which we can prefer a request for co-operation, but cannot expect to do more than suggest generally what, from our point of view, we wish them to undertake. Whether they will do what we ask, or only part of it, is for them to decide. The co-operation we seek is, first of all, in regard to the practical channels by which emigration is sought to be effected in this country. These should be adequate to their task. The only body that I understand is connected with it officially, is the Emigration Board under this Department. I have been inquiring from the Agents-General of the several States of Australia their opinions as to the efficiency of this particular agency, and regret to say that their unanimous opinion is of an unfavourable character. They think, at present, that no effective assistance is being given to them by this Board. They go so far as to doubt whether it is possible for it to be given by a Board constituted in this manner. They object even to the publications which it has submitted, and have felt this so strongly that they have under- taken publications of their own, at their own expense, which they consider far more likely to attract emigrants than those of the Emigration Board. Speaking, as they do, as men of high standing who have the supervision on this side of whatever is being done by the States of the Commonwealth in respect to immigration, I regret to learn that their verdict is so unfavour- able. They suggest that some Board, responsible directly to Parliament, or responsible directly to a Minister, should be charged with this duty; that they, or some of their representatives, should be associated with it in the most direct fashion, and that they should be consulted before statements are put forward which sometimes they have found themselves obliged to challenge.

By way of illustration, since I have been here I have been supplied with correspondence which has taken place with reference to one of the most recent of the circulars issued by the Emigrants' Information Office. It is dated 12th of April of this year. Of course, personally, I am dependent upon the material that is put into my hands when speaking of the operations here. The official statement published is that "The Queensland Government has a "system of free passages to *bona fide* farm labourers and their families who "are approved by the Agent-General in London, and guarantees them employ- "ment in the State at full wages; but up to the present the indents for such "passages have been limited to men willing to work on the sugar farms in the "north. The climate there is hot and moist in the rainy season, from January "to March, and hot and dry at other times, and is very different from that to "which farm labourers are accustomed in this country. It is very questionable, "therefore, whether they would be able to work on arrival under the tropical "conditions that prevail in North Queensland. The work of harvesting and "crushing cane is still more trying, and is paid for at a higher rate. The "free passage emigrant need not engage in it unless he wishes, and, indeed, "the work is not suitable for persons from this country who have not resided "for some time in the tropics. Assisted passages are also offered at 5*l*. per

"statute adult." That is a statement, one of those many statements from which we suffer, which is sufficiently correct in a general way not to be challengeable as wilful misrepresentation, but which, in its actual effect and purport, is a misrepresentation. First of all, the work of crushing cane has never yet been done by anybody but white labour ever since sugar was grown in Queensland, and the warning therefore given here that the work of crushing cane "is still more trying and is paid for a at higher rate," is, first of all, not correct, because it is not more trying, and secondly, it takes place in the mills, and is therefore, less trying. It has never been carried on from the commencement by anything but white labour; it is well paid, and well-sought for. Therefore, so far as the crushing of cane is concerned, that is an absolute misrepresentation. Take the other statement: "the work of harvesting is still more trying and is paid for at a higher rate." The work of harvesting is trying. You could not take a mass of labourers from this country and put them down into a cane harvest field, and expect the whole body of them to be able to engage in that work, well as it is remunerated, with satisfaction to themselves. There are a certain proportion of our people who cannot face the close atmosphere and moist heat of the cane fields. That proportion, of course, cannot be classified beforehand; it is a matter for individual experience. But this wholesale statement is made in face of the fact that the Commonwealth of Australia has deliberately adopted the policy of requiring that the whole of this work shall be done by white labour, and in face of the fact that we have been dealing during the last two years with the largest harvest of sugar cane we have ever had, and are dealing with it by a far larger proportion of white labour than ever was employed in it before, I think, I may say, to the satisfaction of the men who obtain the work and to the satisfaction, to a very large extent, of the employers themselves. Where there is dissatisfaction the testimony is that it arises from the want of self-control of those engaged in a remunerative employment, who are accustomed, as unfortunately people are in many parts of the world, to spend too great a proportion of their wages upon stimulants and to disqualify themselves by that means from efficiently continuing their work. There can be no doubt that the excessive use of stimulants is more injurious in a hot climate than it is in a cold climate. What the labourer in the cane field suffers from most, or at all events what is most complained about, is due to these excesses. But here we are deliberately, as a part of a national policy, providing for the carrying on of the whole of this industry by white labour. Of course, as Australia becomes older an increasingly large proportion of our labour will be Australian born. Yet, speaking broadly and accepting the opinion of competent critics, they are unable to detect in our first or even in our second generation any appreciable departure from the old stock. We have men freshly landed in the hotter regions of our country—and I am speaking now of the north of Australia—who go at once to such work. I have spoken to many men who have gone from England, Ireland, or Scotland direct to North Queensland, or some of the northern portions of Australia, and who have engaged at once in the most trying occupations in the most trying belt. A short distance from the sea coast one reaches the plateau. On that plateau we get cold fresh nights, and there white men enjoy what is said by them to be one of the best climates in the world. In the belt where the sugar grows, conditions are different, it is on the sea coast, and the heat is moist and oppressive. It is not everyone who can live there with comfort and satisfaction, though it is only a small proportion of those who settle there who ever think of leaving it. The great proportion remain, thrive and flourish by labour, much of which is as trying as this labour, and they are now doing this labour with excellent pecuniary results. No one would gather from reading this official statement that these are the facts of the case; that a deliberate attempt has

been made, which so far has been most successful, to substitute white labour for black labour in this industry. That is actually proceeding. Each year for the last three or four years a great stride has been made. During the last twelve months we have returned to their homes some 3,000 Kanakas, Pacific Islanders, who have been engaged in this industry. Their place will have to be taken in the next season by white men. A certain proportion of the Kanakas are allowed to remain with us—those who have really made homes, or become, in their sense of the word, partially civilised and settled down. Their labour will be still available if they choose to give it. But undoubtedly the greater part of this work will have to be done by white men, and is cheerfully being done by white men. My last news from Australia is that the applicants for employment on those fields are numerous enough to cause it to be doubted whether we shall be dependent on immigration to permit of the whole crop being dealt with thoroughly this year. Personally I think that is too sanguine an estimate. I am not a North Queenslander, and therefore not qualified to speak by personal knowledge, but looking at the number of Kanakas leaving, and the great demand there is at present for labour in all parts of Australia at high rates of wages, it seems to me very doubtful whether we should be able to cope with the special demands of this crop, the biggest crop we have ever had, and a similar crop which will be reaped in the coming season. Therefore I think we shall need immigration. What I have been referring to I have said in a letter calling attention to this circular. I might proceed to the other portions of this statement, but really this general statement will show first of all a serious blunder in regard to the crushing, and next that it is a statement which is entirely one-sided—although, of course, quite honest—and is certain to be misleading.

Dr. JAMESON: Whom is that published by?

Mr. DEAKIN: By this very Board of Emigration of which the Agents General have been complaining—the Emigration Information Office. In my letter of the 20th of April, I pointed out—"No doubt it would be a "perfectly proper thing to instruct emigrants both on the nature of the "work for which they are proposed to be engaged, and also to call their "attention to the climatic conditions under which it is to be accomplished. "All facts of this kind ought to be supplied and none suppressed; but it is not "apparent why the members of the Board with their imperfect knowledge "of the character of this employment, and apparently also of the extent to "which it is being successfully carried on by white labour, should absolutely "warn emigrants against the undertaking. Evidently the influence that such "an official declaration on the part of the Colonial Office is likely to have upon "other European Governments has been overlooked by those whose desire must "be to encourage British settlers to seek new homes within the Empire. The "circular of the Emigrants' Information Office dated 12th April is free "from this objection, though the expression of opinion it contains is in "Mr. Deakin's opinion decidedly too sweeping." I will quote presently a further statement of the Emigration Board made in a letter to an applicant for British immigrants for Australia, to which my reply refers. The passages that I have read from the circular should have been accompanied by a few other sentences, stating that the greater part of this work is now being done by white labour; a great part of that white labour is British born; the whole of that work will have to be done in future, by steady degrees, more and more by white labour; the wages paid are high; for men who lead temperate lives and will take the ordinary precautions necessary in a different climate this work is thoroughly healthy. I am assured by those who have personal experience that some of the finest specimens of our manhood they have ever seen are to be found engaged in harvesting in the cane fields.

I take this as a typical illustration. It is a fact that men are earning in those cane fields wages which would be very hard to get anywhere else. Some first-class experts during the last harvest season were making as high as from 1*l.* a day, and in a few exceptional extraordinary instances upwards of 30*s.* a day, during the time of harvesting. The point is that this harvest, like all other harvests all the world over, is for a limited season; its beginning depends partly on the part of the coast on which you are. Quite a considerable portion of our rural labour in Australia is nomadic. Our immense flocks of sheep are shorn by shearers who come from their own farms or from employment in the city, during the season. They take their horses, and commencing at the north of Australia, when the shearing season begins earliest, shear their way southwards, right down through Queensland and New South Wales to Victoria, travelling probably 2,000 to 3,000 miles. In the same way, though to a lesser extent, in the cane-cutting on the Queensland coast, which lasts about four months altogether, it is possible to commence at the north, and work south. The cane-cutters, like the shearers, are either the owners of farms, or are establishing farms themselves, and wish to obtain money for improvements and other purposes. They come for that season of the year. The work proceeds during the hot season, but the evidence goes to show that these men, apart from the over-indulgence in alcohol of which I have spoken, and over-indulgence in meat-eating which is practically universal in Australia, maintain their health perfectly in the cane fields. They can work, not only with the black men, but, as is always the case in our experience, they can beat the black men or Chinamen out of the field, in cane-cutting or any other employment, in any climate we have in Australia. When I speak of the very high wages I am not speaking of the whole body of cane-cutters. Where they earn those high wages they are not being paid by the day, but by piecework. They take contracts at average rates, and the high wages are obtained by exceptional capacity and expert training, such as I have spoken of. They can get that training in a season or two. One season is considered sufficient to train a man, and two seasons ought to enable him to make the best of his time. These high wages are earned only on contract work, they are not earned on day work.

I did not intend to enter into all these considerations, or I would have summarised my remarks and abbreviated them. I have been drawn on to them by the fact that I had not realised that before I could make these conditions understood in criticising that circular, I had to give some sort of sketch of what is being done in Queensland.

Surely, the proper thing for an Emigration Office under these circumstances would be to say: "You are going out to Queensland, a State which "offers already large opportunities for land settlement, which, according to "its programme, is about to give 160 acres free to any settler who will go "there, and to make other land available at attractive rates; a State where "there are boundless mineral and agricultural resources of all kinds. This "is one class of work in connection with one class of product only of the "many in Queensland, and if you should find that this employment is unsuit-"able for you, you can have ample work on dairy farms, on grain farms, on "sheep stations, on cattle stations, as soon as you acquire the requisite local "knowledge." As far as work in the dairy is concerned local knowledge is soon added. There is abundance of employment on the land in Queensland. I am speaking of that State only because that is the sugar State, whose conditions have been questioned, but the same remark applies to the northern rivers of New South Wales where sugar is also grown. Although sugar is not now grown in the remaining states of Australia, with some qualification the same general remarks apply to them. Agriculture is by no means the only rural industry; the timber industry has great potentialities in the felling. This clears the land, which when cleared is marvellously rich. The climate

is not described with strict correctness in that circular as tropical. It is rather sub-tropical. Perhaps you may say that this is a distinction without a difference, but in an official document it is as well to be accurate. The north coast climate of Queensland is sub-tropical rather than tropical. Those, however, are minor matters. But the fact is, anyone reading that circular would be discouraged, or would be likely to be discouraged, and certainly those who persist go out under serious misapprehension. They ought to be warned of the climate, which is extremely trying to men not accustomed to a hot sun and close atmosphere. The cane work is perfectly healthy; but as the dense cane shrub shuts out the breeze in its midst, that makes cane cutting moist and uncomfortable work. Still, as I have said, some of the finest specimens of manhood that we possess are to be seen there. Some of these men I have spoken to personally, and they make nothing of their labour. I do not wish to push that too far. We have not sufficient knowledge yet to fix the percentage of average labourers who would choose this work. But I have spoken to men engaged in the actual task of cutting, and they have assured me—and they have no reason to mislead—that they find it not more laborious than many classes of work which they do elsewhere.

Coming back to the circular, and apologising for my long digression, I say that is not the way in which a Government office ought to co-operate with a Colony desiring immigrants. So far as we are concerned we desire the truth to be stated—the whole truth and nothing but the truth—but it is to be stated in such a manner as not to convey misapprehensions. It is to be stated in some way that will not discourage all the Agents-General concerned, as the Emigration Board has done. There will always be a certain proportion of people who come from Great Britain who will be to some extent at all events dissatisfied with their colonising experience. Until they leave their own country they do not know how much they are attached to its special conditions, to their old relationships, ties, and memories, and they are very apt to take an unduly dissatisfied view of their new country, simply because it is not a replica of the old country, with the customs and undertakings with which they are familiar. An allowance always has to be allowed for that margin, which is to be found in any country to which there has been any immigration. On the other hand, speaking broadly, not only for Australia, but for the whole of the dominions, we say that immigrants will find conditions more closely approximating to those in Great Britain there than they will under any other flag. They will find Governments, business relations, and social conditions much nearer to those they have left than they can hope to find anywhere else. Consequently, we suggest that the Imperial Government should adapt some more effective form of instructing those who are about to emigrate and in a far more adequate way than this circular, if it be a fair sample, has done. The statements made should be complete and balanced, instead of being incomplete and unbalanced. The emigrants from Great Britain should, as far as possible be equipped with official statements which can be furnished from every State giving all the details of life and living, prices, and every other particular, so that there may be no misapprehension whatever as to the state of affairs into which the new comer will be launched. Up to now we have not properly imitated the splendid example of Canada. We have neither coped with immigration on the same scale, nor provided for the reception of immigrants in the manner in which they have set an example; but that is being remedied. Immigrants to Australia no longer find themselves left to look after themselves. They are met on landing, supplied with information, and, as far as possible, assisted in every way to make their homes. Every State of Australia gives exceptional advantages for land settlement. They make advances upon improvements as these are made by the settlers, the Crown, of course, retaining still its right to the land, subject to the fulfilment of its conditions, which are very

light and easy, by the immigrant. The Crown still being the ground landlord, so to speak, for the time, is able to advance to settlers money which enables them to build their houses, and fence and improve their property, and to assist them in clearing the land. They now get a welcome, and every encouragement. We think therefore that the least to be expected is that a fair view of these facts should be put before all intending emigrants so that, when each makes his choice, he may know what Australia has to offer. If he keeps within the Empire we have nothing more to say. If he should leave it we regard him as a loss. We look upon emigration to foreign countries as draining the life blood of the Empire. We cannot consent to see people pass away from it who ought to remain upholding its flag.

Sir JOSEPH WARD: Lord Elgin and gentlemen, I would like to say a few words upon this matter. New Zealand is in rather a different position from Australia. I think what Mr. Deakin has said with regard to Australia in its general application applies to New Zealand, but there is one important distinction, and that is that happily we have not a "coloured labour" question. It does not trouble us as a reality in New Zealand; in Australia it does. And from what I know of my own knowledge and have seen and heard from people in Australia, my opinion on the black labour question is similar to that of Mr. Deakin, that white labour could do all the work in Australia that black labour is now doing. Though there have been many statements made to the contrary by people, that is the general feeling of the people of Australia, and New Zealand most heartily endorses it, and I support Mr. Deakin in that respect most thoroughly.

In New Zealand we are in a different position. We have been carrying out a system of immigration for a number of years, but have been doing it upon a scale and upon a system that I should not like to see departed from. The principle suggested or the proposal indicated in the memorandum from the Secretary of State for the Colonies about State-aided emigrants from Great Britain, is one which we would require to approach very carefully indeed, for the reason that I believe the troubles in the matter of an excess of people that you have to meet in England implies that the majority of those who seek to be helped out of your country, or a great many of them, would be the class that under ordinary conditions you do not care to retain. What I mean to say by that is that the class of people, if they were of a superior class, that you would want to help out in large numbers to our country, are the very people you ought to want to keep for yourselves. If you are going to have a system of State-aided emigrants to the self-governing Colonies, unless we had the right of examination and selection before they left here—which right, if you were giving State-aid or a large portion of that aid, I presume you would want to retain in your own hands—the inference is we might get people imported into our country, or a portion of them, whom we would not care to have coming in in either small or large numbers. I am not for a moment presuming to make any reflection upon probably the most estimable class of people who may want to go to "fresh fields and pastures new" to try their fortunes there. But experience some years ago in New Zealand—and we can only look at this matter in the light of what we suffered many years ago—was in the nature of what I have endeavoured to describe, namely, that we got a very large section of people who were most undesirable; and our Colony would certainly not be prepared to go into anything like a wholesale scheme of immigration upon lines of that kind.

The position that New Zealand takes up is that we are glad to receive immigrants if they are of a suitable class and have some capital; otherwise we are not. Immigration of that character is assisted now by the Colony

through the High Commissioner in the case of British emigrants, and we are very particular in the matter and the High Commissioner of the Colony here is most careful and thorough, he does not make a superficial examination, but a thorough examination into every instance of people desiring to come to our country. If they are accepted, then we pay a sufficient portion of the passage money to reduce the passage to New Zealand to 10*l*. We are in the position of being the most distant of the self-governing Colonies from England, and the passage to our country is probably a good deal higher than it is to the more fortunate Colonies that are close to the Old Land. We make a reservation that each person we assist must have some money, and we guard ourselves by doing that in order to ensure that, in the ordinary sense, he would be able to look round for himself after he has arrived in our Colony with a view to obtaining suitable employment, or embarking in anything he desires. We fixed the amount at one time at 50*l*., but have since reduced it to 20*l*. We do not make it a hard and fast rule that that is the only class of immigration we assist. We have a system of nominated immigration by which the people of our country make their own selection, and then upon their arrival in our Colony the immigrants are taken in hand by their own friends and in that respect the State Departments are relieved of any direct assistance to them in the way of helping them to find employment. We also in such a case give a contribution to the passage money to reduce it to 10*l*. That we do with all lines of steamers trading to our Colony. I may say that in two years from the Old Country itself under a system of selected immigration, 6,632 people came to New Zealand, and brought with them the sum of 275,046*l*. So, while anxious to see the people in our country increase legitimately, we are working rather from a different standpoint to that which I take it the Old World or Canada and Australia are doing. We are working in the direction of getting some of your people who have a limited amount of means into our Colony with a certain amount of capital to ensure that they become good colonists, and be a valuable asset to our country generally. To enable those 6,632 people to come out to New Zealand we paid 22,382*l*. to the steamship companies to help them.

Quite outside of those whom the High Commissioner selects and sends to our country, and of the nominated system to which I have referred, we have a class who come to Zealand of their own accord, who are quite welcome to come to our country without means at all, or with means, as the case may be. From that source we get the larger proportion of those who come to New Zealand and settle there. Within a period of years we have had over 50,000 people coming in that way. An examination into the statistics of our Colony shows that over a period of years we have retained them permanently, and we have lost only 1,000 against 60,000 coming in during that period of years. In our country, which is expanding, and which requires to have outside suitable labour from time to time drawn to it, we are working upon the principle of gradual expansion and gradual increase suitable to the requirements of our people, and we are prepared to assist upon the lines I have indicated in order to bring that about. I think I am right in saying that indiscriminate emigration under the auspices of any organisation in the Old Country would not be approved in New Zealand. Here I would remark that there is an opening for farmers with a little capital, and also for domestic servants, but I hesitate to advise unskilled labourers who have neither means nor vocations, to come out to our country in large numbers, for the reason that we do not want to have the wrong impression conveyed which Mr. Deakin has referred to. Whatever the position in our country we desire the truth to be stated for the guidance of those who desire to come to our country. We do not want a large number of unskilled labourers coming to New Zealand, because with the possibility of the dislocation of the labour market, there

might be a tendency to create from time to time a section of those who might not be able to get regular employment. We are in the position in our Colony of fortunately not having unemployed. We have not known the meaning of "unemployed" in the ordinary sense for many years, and we want to avoid anything of the kind. We prefer to have a community well spread over our country, fully employed, but to be rather on the side of requiring a few more to come—those required for the use of our farmers and business men and for settling the country—than to have an excess with its tendency to create the troubles that many many years ago we had. What I want to remark is that New Zealand is quite prepared to have placed before it the suggestions of what is best in the general interest for making provision to meet the desire suggested by Mr. Deakin, of British subjects going to our British Colonies. We are quite prepared to consider as favourably as we can, any proposal for a suitable scheme to bring about what I think we all desire, but it would be quite a wrong impression for me to convey, as the representative of New Zealand, that we can subscribe to any great scheme for the wholesale immigration of people, which the country itself might not be prepared to absorb within reasonable time upon their arrival.

I therefore wish to say that any proposal that is made for a large scheme of immigration, would require to be very carefully considered by the New Zealand Government and Parliament before I could subscribe to it.

Upon one point referred to by Mr. Deakin, I would remark that while those who are anxious to send people away from the Old Land, may desire the co-operation of the Colonial Governments, and while we might be anxious to have British people placed in British Colonies, there is the very important factor that exists, that great shipping organisations travelling from here to America, for instance, can by reduction of fares, and in many ways defeat an object of that kind. For my own part, while I should be only too glad to co-operate in, and to see, an ideal scheme, as suggested by Mr. Deakin, of British subjects living under the British flag, I am afraid we should have some difficulty in putting it into practical operation so long as these other great countries outside Canada (which has been doing an immense amount of good in that respect) are prepared, owing to their closeness to the Old World, to give advantages which we cannot give in the matter of passage money. I do not know whether Mr. Burns has any fixed notions of a general scheme which we could co-operate in, but I have thought it desirable to put on record the views that I hold on behalf of New Zealand. We want to help people to come to our country on legitimate lines. We do not want to have them coming out in excessive numbers, though the country has absorbed all who have come up to now without any difficulty, and, while we want to assist generally, we want to prevent a rush of people under mistaken impressions of there being limitless employment available in our country.

Dr. JAMESON: Lord Elgin, and gentlemen, after what Mr. Deakin and Sir Joseph Ward have said, I do not think there is much to be said on the general subject. Of course, I believe the whole Conference is absolutely at one upon the first portion of the resolution. With regard to Cape Colony—and I think my colleagues will say South Africa—we, unfortunately, are rather in the reverse position at present owing to our late troubles.

Mr. DEAKIN: Only momentarily.

Dr. JAMESON: Mr. Deakin has been speaking of emigration from this country and immigration into our countries. The fact of the matter is we have been engaged in promoting emigration from our country and

immigration into the old country. Still, we are very much interested in the subject, though not immediately or actively interested at the present moment, but I have no doubt, as Mr. Deakin says, it is only momentary, and when my friend General Botha has firmly established or re-established prosperity in the source of the mass of our wealth in the north of our country, we will then actively go into the question of emigration, because there is plenty of room to fill up in both directions—both from the labour point of view, when that wealth has accumulated again from the North, and also from the land settlement point of view. At the present moment as a fact, we are only on the very verge of close settlement, but later, I have not the least doubt that close settlement will take place in South Africa, as it is taking place so largely in Canada and I believe even now in Australia. We believe in our country; we believe that the wealth which is under the land ought to have a chance to come up and be made applicable to the increasing of the agricultural prospects of our country so that the country may hold a very large population.

With regard to labour coming into the country we cannot congratulate ourselves like Sir Joseph Ward that we have no coloured labour. I was very much interested in what Mr. Deakin said with regard to the perfect certainty that the coloured labour, in what appeared to be, from his description, circumstances as trying as anything we have in South Africa, was absolutely beaten out by the white. I must say that in our experiments in the country I come from we have not found that. We have found that practically a certain class of labour has always to be done by the coloured man. If we could believe that we, like Northern Queensland are going to replace the black by the white labour, then we should have an enormous field for immigration into our country, but from Mr. Deakin's own figures, giving the wages at 1*l.* or 30*s.* a day, it looks to me, unless it is a very very prosperous industry, that if you have to pay so much, it is not very attractive to white labour, and it is quite possible the industry will not last, if it is on a large scale, at 1*l.* or 30*s.* a day. We should get white men to do labour in our country where the black does it at present, but it has actually been tried and failed. If we get a navvy out there, we pay the navvy under the circumstances in which the labour takes place—not under ground, but on the surface in mining work—10*s.* a day in the summer time; but he does exactly half the amount of work that the black man at three pounds a month does.

Mr. DEAKIN: My figures, as I said, were for contract labour, not day wages.

Dr. JAMESON: We could easily adopt day labour or contract labour. It does not matter which system we adopt, we find that the white men cannot compete with the black under certain conditions. However, we hope in the future to have plenty of room for many more white labourers in the country, and especially we hope to have still more room for the agriculturists on close settlements when we get our irrigation and other problems settled.

With regard to the practical point, the only thing brought forward by Mr. Deakin was that the Imperial Government at the present moment has rather prevented than helped emigration. I quite agree with Mr. Deakin in what he has said about the report of the Emigration Council or Board. I suppose really what we all have to do in that direction is to follow the example of Canada, and practically manage the emigration for ourselves, both on this side and on the other side. We are all pretty good at advertising, but I think Canada is pre-eminently good in advertising their country on this side. If there is an Emigration Board, I think that it should be on the lines suggested

by Mr. Deakin, giving the necessary warning, and at the same time pointing out the necessary advantages.

As I said, this is not an active question for us at present. We hope later on we may benefit by whatever conclusions the Conference comes to in the way of helping towards emigration from the Motherland into the Colonies as against the rest of the world.

Mr. F. R. MOOR: Lord Elgin, and gentlemen, I agree on general lines with what has been stated by my colleague from the Cape Colony. Owing to the large influx of men during the war, and owing to the great destruction of property and wealth during the progress of the war, at the end of that crisis we found South Africa with a large floating population which we could not immediately absorb owing to the condition of things in which we were, and we have really been suffering from a large number of men being unable to get immediate employment. I do believe the day will come, and I hope to see the day, when we shall be able to absorb a large number of whites from these islands. We are now trying to reorganise the whole position of affairs over there, and more or less to get our house in order, after what I have been describing as the losses contingent on the war. I also am very much impressed with what has been said by Mr. Deakin here which goes to show that the white man can hold his own under certain conditions against the black. I hold very strong views in that respect, and do believe that the white man under the incentive of contract labour will be able to do a great deal more than ever has been attempted yet by white labour in South Africa. We in South Africa have, perhaps, suffered, from a plethora of black or coloured unskilled labour, which in my humble opinion has been misapplied in regard to numbers, and in regard to which there has been a vast waste of labour owing to the unorganised methods we have adopted for employing this labour. I do not confine myself to any particular industry over there, but men are applied in far greater numbers, as regards results, than any other country that employs entirely white, more or less skilled, labour. That is so at every turn in the Colony that I represent. I will not commit myself to numbers, but you find three or four black fellows being used where, with skilled intelligent white labour, one man could do it. That was impressed upon my mind most strongly in my visit to Australia, and there being able to see how they were managing there with labour-saving appliances, and returning to my Colony, I realised how we were wasting labour with our crude forms of unorganised labour, owing, to a very large extent, to the vast amount of unskilled labour that was at our doors. Instead of using brains and capital to save labour, we were piling on unskilled labour to do the work regardless of cost, and perhaps in many instances the result of production with that unskilled labour was really more costly than the products of the countries working with labour skilled and properly organised. We find in many of our industries we are being beaten by products from Australia (which we can produce quite as well and in quite as large quantities), owing to our methods and wasteful means of carrying on those industries. I do hope that the day will not be long delayed before the re-organisation of our economic conditions we shall be able to absorb a larger amount of white labour. We are doing a little now in that direction in the way of assisted passages. The Government has contracts with steamers which have brought down the passage money, and our Government contributes half of that amount in the event of any employer applying to the Government for any particular selected emigrant on this side of the water. Owing, however, to the present surplus of labour, this provision is temporarily suspended.

I have nothing further to add. We feel that we have to reorganise our methods and our conditions to bring ourselves up to the position of advancement of the other Colonies of the Empire. I believe, sincerely, we shall

succeed, and, if we do, we have almost as large a field there for the settlement of men of our colour and race as the other Dependencies with the Empire. I will not say it is so, perhaps, as regards Canada, because there they seem to have such a vast area of arable land that we cannot compare ourselves to it; but given area for area, I do believe we shall be able to absorb proportionately our share of emigration from this land.

General BOTHA: Lord Elgin, and gentlemen, in the Transvaal our position is almost more difficult than in any other of the South African Colonies. The unfortunate circumstances in the past have dislocated many matters there, but the Government since the conclusion of peace is doing its best to encourage immigration into the Transvaal. During the War many people come to the Transvaal who are not suitable for immigration purposes, and who do not wish to remain there. We have unfortunately a place like Johannesburg where people want to get rich very soon, and that is where the difficulty lies with us in the Transvaal. I have a great faith in South Africa and in the Transvaal as a country for a large population, especially as regards agriculture. But it will take some time before we can put this thing on a proper basis. I hope that we shall be able to very strongly support the immigration of white people into the Transvaal, because if there is one thing that we require in South Africa it is a large white population. At present we want people who have some means. We have to-day thousands of people in the country who have really no work to do and the Government have to employ them on road making and similar matters to make them earn their daily bread. Then unfortunately there is the lamentable difference of opinion between whites and whites on the labour question. Now my Government are of opinion that we should as far as practicable encourage the immigration of white workmen into the country. The biggest immigration that we have had into the Transvaal has been that of Chinese, and I think we have between 50,000 and 60,000 Chinamen still in the country. I hope that on this question too we shall be able to arrive at a clear understanding, and that in future instead of importing yellow labour we shall have immigration of white people into the country, because we feel that if we have a considerable white immigration into the country the money which they earn will be spent afterwards in building up the agriculture of the country. We have got any amount of scope and space, and we think we can bear a population of millions of people. The thing that we lack is money to carry out this project. It is a dry country. We must set large irrigation schemes on foot and before we have made some such arrangements it will be impossible for us to do anything further. I may say that my Government have under their earnest consideration to-day the question of encouraging more white people into the country and on to the farms and on to the land.

Mr. DEAKIN: Might I point out this: speaking in an impromptu fashion to-day, I did not read one document which I ought to have read with reference to emigration, though I alluded to it. A Mr. Hughes, who represents the employers in Queensland who desire to obtain white labour for sugar cutting, wrote to the Emigration Board and I referred to their reply without quoting it. He forwarded the conditions to them. The conditions are for the obtaining of labourers, and provide that preference must be given to British people under all circumstances. Only failing them can application be made to the Continent. I am happy to hear indirectly that we hope to obtain a sufficiency from this country without applying at all to the Continent so far as the Queensland Government is concerned. However, what they are offered is not contract rates, though they may take these if they like afterwards, but regular terms, which range from 22*s.* 6*d.* to 25*s.* a week with rations and accommodation, and for harvesting, 25*s.* a week

with rations, or an alternative for contract cutting by mutual agreement. Of course the prices earned by contract cutting must not be measured by the price for day labour. They are the earnings of exceptionally skilled and capable men, just as some of our shearers always earn twice or thrice as much as the ordinary shearers because they have a special aptitude. The reply of the Committee was even more direct and unqualified than their published circular, because in answer, Mr. Henry Lambert, signing as Chairman, on the 15th March last says: "My Committee do not consider that "emigrants from this country are at all suited for work on sugar planta- "tions"—the whole sugar industry is swept out—"and they would certainly "feel it their duty to warn them against undertaking such work in the "tropics." I think explicitness is a great virtue; it is one of the greatest official virtues, and there is no doubt about the perfect explicitness of that statement. The Emigration Office feel it their duty, owing to their own want of knowledge, actually to warn British emigrants against undertaking the work which is now being undertaken successfully by several thousand white men this season. The industry is very prosperous; the contract rates I referred to are exceptionally high. If the whole industry were conducted on that basis, Dr. Jameson's criticism would be quite justified. The average man is on daily wages. I mentioned those high rates because they tend to withdraw men from the daily wage system to the contract system, in which, as a rule, they get better results than on the daily system. Otherwise they would not undertake it. Only exceptionally qualified men get the wonderful results mentioned, which are of great value, although they are rare, because they operate as a stimulus to attract men to the industry, and as a stimulus to the men employed in the industry to put forth their best efforts. When others see a man able to make 1*l.* a day for weeks in succession, and return home with the result, that helps to draw people in Australia to this industry. Undoubtedly in every part of it this work will be accomplished by white labour only. We have enough direct experience now to be quite satisfied that it can be done. There is no doubt about that. Those exceptional terms attract people to it. The average men do not earn so much, but the work is being done efficiently by white labour to-day—more than half of it. If my memory serves me, I think nearly three parts of the work will be done by white labour this season. Under these circumstances, for a Government Agency to absolutely warn men against undertaking work which men are already doing, and doing most profitably, certainly points to a very strange condition of affairs.

Mr. BURNS: Lord Elgin and gentlemen, the Conference has decided unanimously to adopt the first paragraph, that "it is desirable to encourage "British emigrants to proceed to British Colonies rather than to foreign "countries." Against that first paragraph the Government have no objection to make, because it practically connotes a line of action that has been taken not only by the Government but by all the subordinate authorities throughout the United Kingdom during the last 15 or 20 years with regard to the direction of, advice to, and guidance of intending settlers in new countries from the Mother Country.

We are discussing the second paragraph now, which says: "That the "Imperial Government be requested to co-operate with any Colonies desiring "immigrants in assisting suitable persons to emigrate." That, of course, brings us face to face with practical methods and probable financial schemes, and on that it is advisable that the view of the Government should be in the main expressed. Before it is expressed it is advisable that the point raised by Mr. Deakin should be met, and I trust mutually satisfactorily cleared away. The Government think that as so many Colonies are all competing for emigrants from the same source it is very very difficult to give

financial assistance to one without more or less damnifying the others. Up till now the Government at home have considered it best, both to intending settlers and emigrants, above all to be fair to all the Colonies, and that the agencies on this side should be directed to give the intending emigrant all the essential facts in forming his mind and in advising him as to where best he can take his labour, and adapt his industrial aptitude to any particular Colonial demand that for the moment is seeking his labour. Mr. Deakin will pardon me if I say that he has rather misunderstood, and I do not think sufficiently appreciated, the extent to which the Board of Emigration have done this particular form of work. If Mr. Deakin will look—as he often probably has looked, but I would ask him to look again—at many of the really excellent specimens of literature that are issued by the Board of Emigration on this side, he will find we almost vie with Canada both in the versatility and the excellence of our advice to emigrants and settlers. I can assure Mr. Deakin and the Conference that every step is taken by the Board of Emigration to give all the people in this country who intend to settle elsewhere, facts such as cannot be challenged, because the Board realise that much of the diminution that in recent years has taken place in the number of emigrants from the Mother Country to some of the Australian Colonies, is due in the past either to private, public, or semi-public agencies misrepresenting the Australian fields of labour, and to this information being allowed to go uncontradicted or uncorrected. The result is that suspicion of certain Colonial fields of labour has grown up which can only be removed by the Board of Emigration itself being almost painfully precise in acquainting people with what the real conditions are. I do not think that in the particular Queensland case anything more than that has been done. Mr. Deakin was rather severe upon the Board of Emigration for what I believe is after all only an exceptional incident, and one that I trust may never occur again. I would like to point out to Mr. Deakin, that the circulars and handbooks issued by the Emigration Office, which are numerous and circulate through many ramifications, are never issued before the proofs of those publications are previously sent to the Agents-General themselves; and in many cases the Agents-General are asked, and they are very willing in the majority of cases to respond, to revise the actual proofs and correct the draft literature and information which is submitted to them. I can only say with regard to the Queensland incident, that there the Home Government, through its Emigration Department, did what I think was nothing but bare justice to people who were likely to be attracted to this particular form of labour. If Mr. Deakin will allow me, I would like to read the first notice in March. It says: "Free passages by the Orient Royal Mail Line steamers are now offered "to *bona fide* farm labourers, and their families, to whom employment is "guaranteed on arrival at full wages current in the State. The Queensland "Government, in addition to the passage, undertake to take care of such "persons until they are safe on the farms where work has been arranged "for them. Notification has already been given by the Government to intend-"ing employers that farm labourers will not be indented unless the wages "offered are considered satisfactory by the Executive Government of the State; "information as to this sum can now be obtained at the Agent-General's "Office, London. It will probably save many applicants time and trouble to "be informed that as the Government are indenting this labour for employers "in the agricultural industry, there is an implied promise that the labour will "be up to the standard of an ordinary agricultural labourer, and that for "the concession of a free passage and constant employment on arrival, "applicants must come strictly within these conditions and must be what "is generally known as farm labourers, *i.e.*, healthy men who have been "accustomed to work at some form of farming operations." I respectfully submit that that is a clear, bald, and truthful presentation of the conditions

under which the labour was to be employed there. On April the 12th, shortly afterwards, the Board of Emigration sent out a revise, which was as follows: "The Queensland Government has a system of free passages to "*bona fide* farm labourers and their families who are approved by the Agent-"General in London, and guarantees them employment in the State at full "wages; but up to the present the indents for such passages have been "limited to men willing to work on the sugar farms in the north. The "climate there is hot and moist." I gather that Mr. Deakin expressed the same view.

Mr. DEAKIN: Yes.

Mr. BURNS: "The climate there is hot and moist in the rainy season, "from January to March, and hot and dry at other times, and is very "different from that to which farm labourers are accustomed in this "country. It is very questionable, therefore, whether they would be "able to work on arrival under the tropical conditions that prevail "in North Queensland. The work of harvesting and crushing cane is "still more trying, and is paid for at a higher rate. The free passage "emigrant need not engage in it unless he wishes; and indeed the "work is not suitable for persons from this country who have not resided "for some time in the tropics." I venture to say that both the original document and the revision sent out by the Board of Emigration are in accord with the statement made by Mr. Deakin himself here. The Board of Emigration thought it desirable that the people going to this particular tropical sugar belt should not be in any way under any misapprehension as to the kind of labour that they would have to do, because our experience here is that one grumbling, sore-headed, dissatisfied emigrant in a field of labour, when he has been attracted there through too glowing a description of what would happen to him when he arrived there, does more harm to the general flow and direction of emigration to that and other fields of labour than anything you can possiby conceive. The Board of Emigration, I think, with fairness and impartiality, decided that it is far better to tell the emigrants even the unpleasant truth, if it be the truth, as to the conditions of labour under which he can be employed, than to buoy them up with rosy descriptions that cannot be realised, of which, when communicated back as it always is by letter through the discontented one's complaints, the effect is to damage that particular district for 10, 15, or 20 years. The case quoted by Mr. Deakin is an evidence in my judgment of the great care and truthfulness and courage that the Board of Emigration has shown in this particular case. I may say that the Government of Queensland have expressed their appreciation so much of circulars and reports of the Board of Emigration, that only recently this year they have ordered 25,000 copies of the Board of Emigration's Handbook on the Colony. I can only say that in my judgment the Board of Emigration were well within their rights. It would have been a permanent injustice to the Queensland labour field unless they had made their revise. I am convinced that this incident will still further induce the Board of Emigration to place themselves more closely in touch with the Agents-General before issuing any information, or making any correction, or rectifying any mis-statement, and they will do their best to instruct the settler and the emigrant to find work under conditions that will be beneficial to him and we trust not detrimental to the Colony to which he goes.

Having dealt with that incident, may I say a word or two—because it is pertinent—on the general question as to practical means. Mr. Deakin said that there was an obligation to direct actively to the Colonies the surplus

people of the Mother Country, and I think he suggested passively to divert people who intended to go elsewhere to places within the British Empire. I can only say that the emigrant decides this in the main practically for himself, and to the extent that we would over-persuade him in making up his mind say, to go to Canada as against Australia or New Zealand, to that extent we would give his mind a bias in a direction that we ought not.

Mr. DEAKIN: No one suggested that.

Mr. BURNS: No, the business, we think, of the Home Government is that as all the Colonies are competing for emigrants and settlers practically of the same type, what we have to do is to take the claims as set forth by the Agents-General themselves who want those claims for labour submitted to the Old Country. It is the business of the Agents-General and the Home Government to co-operate with each other as to where, how, and in what best way that information can be placed before intending settlers and emigrants, and I can assure the Conference that efficient though the steps of the Board have been in the past, we hope considerably to improve upon our present methods and agencies by means of which the common desire of this Conference can be secured.

Now, may I say a word about the type of emigrant. I know that Mr. Deakin, and also Dr. Jameson, Mr. Moor, General Botha, and Sir Joseph Ward, and I know it from practical observation in Canada on the subject,—want the same type of settler and emigrant. They want the farmer, they want the good skilled labourer, they want the skilled handy-man, they want the domestic servant, and, in many cases, they want the platelayer, and the heavy lifter, and the man whose physique is adapted to the opening pioneer work of constructing public and private works on a big scale in new countries. You also want skilled artizans, mainly of the building trades. Now, in this particular matter, the Colonies, to a great extent, can be helped by the Old Country, because at this moment we have, I am sorry to say, through reasons that I need not go into, a very large number of men in the building trade who are slack of employment. We also have, proportionately to the Colonies, more surplus unskilled labourers than any of the Colonies possess, and it does seem to me that if those men in the building trades, who are a type of men that many of the Colonies pre-eminently want in opening up new countries, were more closely informed as to the colonial requirements of labour, we should see a very considerable number of the men of the building and similar trades seeking work in Colonies where their work would perhaps be for the moment better, and perhaps ultimately more regular than it is now. But the supply of labour must flow without preference or pressure on the choice of the individual emigrant to wherever he chooses to go. It is interesting that this Conference should know that in the last two or three years when emigration from the Old Country has gone up enormously by all the agencies, whether it be distress committees, or boards of guardians, or private or public bodies, or trade unions, or any other association, and there are nearly 1,000 agencies in this country taking directly or indirectly an active part in sending people out of the country, mainly to the Colonies; 95 or 97 per cent. of the total people that have left through private, public, or semi-public agencies the Mother Country for external Dominions have gone to Canada or to the other Colonies. But the enormous volume of emigration that has gone to the United States, relatively is not as great as it was, and is rapidly diminishing. For instance, only a few years ago, and this Sir Wilfrid Laurier will be pleased to hear, in 1888 Canada had 11 per cent. of the emigrants that left the Mother Country, and America had 72 per cent.; to-day Canada has 31 per cent. and America 47 per cent. of the total. So that the

object this Conference has at heart, namely, the training and directing the surplus population from the United Kingdom to British Colonies is being attained without too much organisation and without too much obvious regulation.

The other point is this: I trust that this Conference will realise what my experience suggests, and what I think the facts inform us upon, which is that over-zealous attempts to get people to emigrate very frequently do more harm than good. They very often attract the wrong type of people to the right place, and the result is that disappointment ensues, and the permanent steady flow of regular emigration is damaged thereby. I trust that the Conference will agree with us that emigration by settlement of communities of men is not a desirable thing. The northern farmer in another connection said: "The poor in a loomp is bad," but the poor in a lump taken from one country and from special districts and of a particular class to another is worse. I do not care whether you emigrate bodies of rich men from England to Canada or Australia, even if you can get them all to live together in their new home, which is doubtful, that in itself is not so beneficial as it would be if they were spread over a large area. In any case, to take large communities of men from one district of England and to dump them down in any Colony is, in my judgment, a mistake. What we have to do is to guide and direct the individual, let him go where his aptitude inclines him to go, but any attempt, if Dr. Jameson will pardon me for saying it, of close settlement, of land settlement, of settlement by communities of men such as philanthropic associations have attempted in some parts of Canada and America, is, in my judgment, a mistake, as experience will prove. Outside the Doukhobors, in Canada, I have learnt of no case of a community of emigrants that was at all worth the money spent upon it, or which in any way justified the enthusiasm or the hopes raised on its behalf.

Dr. JAMESON: Close settlement does not mean large settlements going out. It could be very well carried out by individual emigrants.

Mr. BURNS: Yes, I know, but that is a very risky experiment. I mean there should not be 1,000 men from one part of England taken to some particular part in any of the Colonies. It is best to mix them up. They have different tastes, they have different habits, and the tendency of these settlements, however large, or, however small, is for them to become a first-rate collection of social and political cranks, ending in failure and disappointment, and waste of the money spent upon them.

Dr. JAMESON: Excuse me, there is some misapprehension as to what I mean by close settlement. The fact of the matter is, in South Africa our land is in large areas, and it is the large farms of 2,000 or 3,000 acres, and so on, which exist until we get irrigation, as mentioned by General Botha, so that we can, like in Canada and in Australia, I believe, get a family to live on 160, or 20, or 10 acres even. That is my idea of close settlement.

Mr. BURNS: I understand the point is, that in a tropical or semi-tropical climate agriculture can only be carried on by irrigation and more or less artificial means, and you have more or less to pack your people in certain areas, because there the irrigation scheme is. That I do not object to, but to ask that a certain block of population should be taken, or a certain class of population should be taken from the old country for that particular work, in my judgment will ultimately prove to be a mistake. It leads to industrial, social, mental and moral, disadvantages that we need not enlarge upon at this particular moment.

This brings me to the point as to what the form of the co-operation can be. The settled policy of Parliament, it is well I should inform the Conference, has been not to vote State money for emigration. Although local bodies, boards of guardians, distress committees, and others, have power and exercise it, as I have indicated, to vote public and voluntary money to emigration and settlement, Parliament has always been against a State subsidy for emigration to any or to all of the Colonies. I may give an instance of the kind of thing that is done. Under the Unemployed Workmen's Act the distress committees in the year 1906 sent out 3,875 persons at a cost of 7*l.* per head, part State, part local, part private money. In 1907 that will be considerably more. The boards of guardians in the last ten years have sent out 3,588 children, and if I may say so, these, in my judgment, are perhaps the best form of emigrants and settlers, looking ahead, that the Colonies could possibly have. Dr. Barnardo's agency has sent out 18,000, and nothing pleased me more when I was last in Canada than to hear that of these 18,000 children that had been sent out, 95 per cent. were not only doing well, but were doing first-rate in many cases and more than satisfied those with whom they were settled. It is interesting for us at this moment to know that even only last year there were 19,000 people in Canada who wrote to the Canadian Board of Emigration for children, boys and girls, from the Mother Country. On that some of the gentlemen of this Conference might say: "But what about their condition?" On that I think this Conference ought to be assured of this fact that the people who have charge of them here, whether they be guardians or private or public agencies, do everything within their power not only to see that the children are physically fit, but that they are trained and equipped for their new life, and I know no form of diversion of population that would be productive of so much good to the Colonies and to the Mother Country as an increase in the number of children going to the new settlements beyond the seas.

I can only say in conclusion that Canada, which has recently given no assistance towards the cost of passages, has perhaps shown the Mother Country and some of the other Colonies the way of handling this particular question. Nothing could be better than the way in which the Canadian Emigration Authorities, by information, by circular and by literature, have done their work, and in so far as the Old Country can live up to Canada in this particular regard, the Board of Emigration will be disposed to do so. The Colonies represented here to-day can rest assured that if they care in any form to make any representation to the Home Government as to what should be done, the Board of Emigration, the Local Government Board, and the Board of Trade, will be only too ready to respond to any suggestion or information they may give. The re-organisation of the Emigration Board itself is under the consideration of the Government. The recommendation by the Settlements Committee that a State grant for five years should be passed by the Imperial Parliament, is under the consideration of His Majesty's Government at the present time, and my last word is that if the Colonies think that any of the work done by any of the home agencies is of such a character that it may be improved upon, the Government will be only too pleased to respond to such advice, suggestion, or information, always relying upon this cardinal fact that the Old Country cannot be expected to show a preference in the matter of emigration to any of the Colonies, and will do her best to treat all of them fairly and to bring before intending settlers and emigrants the real facts of what the Colonies offer them. For the moment beyond that the Home Government is not disposed to go.

Sir WILFRID LAURIER: When this resolution of the Commonwealth of Australia was first brought to our attention I read here: "That it is "desirable to encourage British emigrants to proceed to British Colonies "rather than foreign countries. That the Imperial Government be requested

"to co-operate with any Colonies desiring immigrants in assisting suitable "persons to emigrate." As I have stated already the first paragraph, as to which Canada has no dissenting voice, does not require any discussion. But we thought with regard to the second paragraph, that perhaps it was intended by the Government of Australia that the Imperial Government should be invited to co-operate financially in a scheme for bringing emigrants to the new Countries beyond the seas. We approach this subject from the point of view of Canada, with the statement that we have no grievance at all. At the present moment we are quite satisfied with our position in that regard. In fact, we have undertaken ourselves to manage our own immigration, and so far, we have no reason to complain of the result of our efforts; but of course it goes without saying, that if the Imperial Government were prepared to help and assist us financially we would be only too glad to co-operate with them. Listening to Mr. Deakin very carefully I did not understand that he had even any such project in his mind. If I properly appreciated the tenour of his remarks, he rather thought that the Imperial Government under existing circumstances were not doing all they might do, or were doing it in a way which was not satisfactory to the Government of Australia. For my own part I would be glad to hear again from Mr. Deakin what practical suggestion he has to make to implement what is contained in this paragraph.

Mr. DEAKIN: Sir Wilfrid, our difficulty was when we considered the schemes that we ourselves would like to see adopted, how far we ought to approach the Imperial Government with any definite suggestion, inasmuch as they might consider that this implied at all events that we were better judges of their business than they were. Now we can only claim that at our end of the immigration movement we are entitled to speak from our own experience as to what we want. But as to the particular means by which immigration could be fostered here, we have a good deal of hesitation. Our first idea was a reform of existing methods. I have no personal quarrel with the Emigration Board. I have spoken upon information supplied me, and am not singling out the Emigration Board or the Department with which it is associated from any other Department. But our experience in Australia is—and it may possibly be not confined to the Commonwealth—that it is not possible to constitute a public department of officials for any purpose, however excellent, of any men, however capable, who will not sooner or later, and probably soon, lose touch with the changing conditions of the practical work with which they were originally created to deal. For ourselves it is only by constant Parliamentary vigilance, by perpetual Parliamentary criticism, by influence brought to bear through the responsible Ministers, that we are able to keep our own departments in some degree up to the requirements of our own country. I should suspect that the experience everywhere is the same. It is not the fault of the individual so much as it is the fact you cannot have a department without a system, and when once you stereotype the system you begin to check the individual energy, initiative power and free criticism of the men engaged in it. While you cannot live without your bureaucracy, and while the democracy needs it specially, with us the constant attention of the representatives of the people is required to be devoted to our own departments. We have to confess that they do not satisfy us. Consequently, if I may be pardoned for the digression, I am not trying to select the Emigration Board for comments which I have had occasion to make upon other departments. There will always be differences between ourselves and our departments. While departments are necessary agencies of governments, they are in my opinion in inevitable opposition, so to speak, to the re-adaptations and fresh adaptations called for by the circumstances of each case. I do not say that any one statement in that objectionable circular was untrue, but I do say that

to send it out without adding the facts that the whole of the crushing always has been done by white labour, that the greater part of the harvesting is now being done by white labour, and the whole of it will be, is misleading. The greater part of the work of an ordinary sugar cane farm is now being done by small farmers upon their own land who make an arrangement for the disposal of their cane, yet this circular might suggest that white labour is being excluded and cannot be expected to cope with this industry. The circular is bad because of what has been omitted. In that letter I have read there is an extraordinary intimation that people need to be warned off from what white people are already doing with profit to themselves and to the country. That appears to me to be an inexcusable act. I do not put it stronger than that. Mr. Burns, if I may say so, made the best possible defence that could be made, and in so doing has discharged the duty of a Minister, of speaking for those who cannot speak for themselves much better than they could. All I can say is, I am confident if Mr. Burns had been dealing with this question, it would have been dealt with in a different fashion. Any Minister issuing a circular would have framed it in a different fashion. I do not wish to dwell upon that, but I must say there is a good deal to be expected not only at this moment, because we come here to criticise, but from that perpetual reformation of departments which we find necessary in Australia,—I am confining my criticism to my own country, because that cannot possibly give offence—imparting to them fresh life and fresh direction so as to keep them in touch with changing circumstances. I have reason to suspect that the need is just the same elsewhere.

With a great deal Sir Joseph Ward said, and I also wish to associate myself in his criticism, I concur. Certainly, when we ask for the co-operation of the Imperial Government, we ask for effective co-operation in directing and not in discouraging emigration. Then Sir Wilfrid Laurier implies that we ought to specify the means to be employed. We think a more effective organisation here is wanted under the direct control of the British Government, or some of its Ministers, with that closer touch with the various representatives of all the Dominions which Mr. Burns has been good enough to foreshadow for us. We anticipate a great deal can be accomplished by this means, and we confidently expect it will be accomplished. I am sure, as far as Mr. Burns is concerned, it will be done, because he is an active and practical working man in this and other respects. But we go further; we do not wish to press unduly upon the Imperial Government, but we look upon improved means of communication generally, by joint action between the Mother Country and the several Dominions, as a very important means, not only of assisting emigration, but also trade. We are perfectly aware that subsidies are now given to shipping which competes with British shipping, both for passengers, cargo, and even emigrants. We have a line running to Australia to-day under the British flag, which is really in the main portion of its capital and interest, I understand, a foreign line of steamers. We think encouragement should be given to vessels not only flying the British flag, but actually British, so as to enable freights to be cheapened, and passenger rates to be lowered. It is only upon the last economy upon steamers running to all the dominions, or that should be encouraged to run to all the dominions requiring colonisation. We venture to think a good deal can be done by co-operation between the different Governments in that direction, and indeed by improvement of all the means of communication, which outside this chamber, Sir Joseph Ward and Sir Wilfrid Laurier have been recently discussing. We say improved agencies between the Mother Country and ourselves, improved means of communication, closer touch with our fellow colonists, improved shipping services, cheap and rapid, are among the means by which a population might be attracted to British countries instead of to foreign countries. We appreciate Mr. Burns' criticism of

communities when their settlements are separated by language and by strongly-marked customs from the rest of our people, but communities from the white races grouped together under one flag, whether British or French Canadian or Africander, as the case may be, so long as they are our own people, although we have no urgent desire for communities, we are yet so very much in need of population that if it could only be obtained by that means, we should be sorry to disapprove it. We would be quite willing to see some communal settlements, not in the strict sense, but joint efforts for settling individuals who choose to group themselves together on particular areas of land. While we do not favour it, we should not fear it, and would rather face it, speaking for Australia, than not acquire population at all. It is only where the community is, so to speak, kept within a ring fence by reason of language, blood, habits, and practices, that we see grave reason to apprehend danger. Any other reasons arsiing from the settlement of communities would appear to be of a slighter character which might be ignored. We wish the British Government would also favour subsidiary educational means, such as have been recently proposed, seeing that the schools and through the schools the children in this country were brought into closer touch with the realities of life in the outer portions of the Empire. Mr. Burns spoke—and I think so far as any of us know we all echo his commendation of the transport of children by Dr. Barnado and others to Canada, and elsewhere. That appears to have been a brilliant success. Is not the suggestion closely connected that in all the schools of the United Kingdom there should be sufficient teaching with regard to the Dependencies of the Empire, so that as the children grow up, if they wish to make a choice of a new home, they will have the knowledge necessary to make that choice. We are undertaking the necessary obligation in all our schools of teaching not only British history, but British geography, in order that they may understand the course of events in the Mother Country, the centre of our race. In the schools, among the children, by operating through your Boards of Guardians and other bodies to whom Mr. Burns referred, by operating through a rejuvenated Emigration Board here, associating it with the Central Emigration Board in this city, by assisting the means of communication and particularly shipping—these are among the methods which are open to the British Government to choose. Any or all of those we would welcome, so far as Australia is concerned. We are prepared to co-operate in any and every way in order to encourage emigration.

Mr. BURNS: May I say a few words on the last point Mr. Deakin has raised? I have had placed in my hand this morning some postcards received by the Board of Emigration from school children, in response to a circular the Board of Emigration issues. Here are 50 or 60 postcards from children, received this morning, and it is only typical of what they receive: "Kindly send to above address the circulars on Canada and Australia."

Mr. DEAKIN: I hope you will not send the circular of April 12th.

Mr. BURNS: If we send the one of April 12th, I think we will have to put a footnote in, that we omitted, in order not to damage Queensland, any reference to the fact that Kanakas have previously been employed in this particular industry.

Mr. DEAKIN: We do not mind that a bit. Put it in by all means. We are determined to have a white Australia, and mean to keep it white. We have voted 12,000*l.* of Commonwealth money in order to deport those men comfortably to their homes and families. We believe it is good for the

Islands to have them back, and good for their people that they should return and live among them. For ourselves, we will have a white Australia, cost us what it may. We are anxious to let everyone know it.

CHAIRMAN: There is one resolution before the Conference proposed by the Commonwealth. We agree to the first part. I think, as far as my colleague and I are concerned, we are quite prepared to accept the second.

Mr. F. R. MOOR: If I may be allowed to interrupt, I think it would, perhaps, be better if that second part was more elaborated in the direction that Mr. Deakin pointed out, so that the public should realise what the resolution really means. Towards the end of Mr. Deakin's exposition of what they did mean, he pointed out the value of co-operation as regards shipping and reduction of freights. I think if one or two indications were just enumerated in that resolution it would be of great use.

Sir JOSEPH WARD: Surely that is a matter to come up later on in connection with trade. I would not mix them.

CHAIRMAN: I think it would be a little difficult to take it up now.

Mr. F. R. MOOR: I am in the hands of the Conference, but it seems a pity that the public should not know what is meant, even if it is only one or two headings of what we intend by the co-operation.

Sir JOSEPH WARD: For myself I would support the resolution as a whole. I see no objection whatever to it upon the understanding that so far as the second paragraph is concerned—having reference to New Zealand alone, for which I am speaking—that the co-operation would be upon application from a Colony.

Mr. DEAKIN: Necessarily. There must be two people to co-operate. If New Zealand does not co-operate, plainly it does not desire it.

Sir JOSEPH WARD: There is one Colony here suggesting co-operation, and the other side is the Mother Country.

Mr. DEAKIN: "That any Colonies desiring."

Sir JOSEPH WARD: "Be requested to co-operate with any Colonies "desiring to co-operate." The understanding is, we have first to express our wish to co-operate.

Dr. JAMESON: What it means, after Mr. Burns's speech, is, that this co-operation is limited to good wishes.

Mr. BURNS: And methods affecting the distribution of information.

Dr. JAMESON: And the Board of Emigration reorganisation is under consideration at the present moment.

CHAIRMAN: That is in the report of the Committee.

Dr. JAMESON: With regard to the subsidising of ships, I understand Mr. Burns to say that Parliament has set its face against anything of the kind.

Mr. BURNS: Yes; it has been the settled policy of Parliament for some years.

Mr. DEAKIN: Not in connection with the subsidising of ships.

Mr. BURNS: But, in connection with emigration, not to grant votes of Imperial money for emigration.

Mr. F. R. MOOR: But as regards South Africa, owing to the practice of the Colony as regards our contracts, we have been able to obtain contracts highly advantageous in respect of emigration. I have no doubt Canada and Australia, if not already doing it, could use co-operative influences there which, although not directly State-aided, would, by means of State work, be brought about. I think it is a pity to simply put down an arbitrary condition and say, we are going to have nothing to say to it.

Mr. DEAKIN: What I think Mr. Moor means, and very properly, is what we call a postal subsidy. That assists emigration and trade because it encourages the rapid despatch of boats. So, while it is not put forward in Great Britain for the assistance of either trade or emigration, a postal contract, as a matter of fact, does help both. Why should not that be systematised more?

Sir WILFRID LAURIER: Mr. Moor has brought it up, but it is a much more involved question and embraces much more than emigration. I think with Mr. Moor that it is a matter which ought to be taken up by itself before the Conference separates. I would not limit it simply to emigration. There are many other considerations to be taken into account, and I am quite with Mr. Moor on this point, that this is one of the things we should discuss before we separate.

CHAIRMAN: As far as emigration is concerned, what is put in the second part of this resolution, is a request to co-operate generally, and that we are willing to accept. May I put it that this resolution from the Commonwealth is accepted by the Conference? Resolution IV., p. vi.

Sir WILFRID LAURIER: The only objection I have to it is that it is too vague.

Mr. F. R. MOOR: That is my feeling.

Mr. DEAKIN: I have given the reasons for the vagueness.

CHAIRMAN: Is it accepted?

Sir WILFRID LAURIER: I have no objection.

Mr. F. R. MOOR: I must say I am disappointed as regards its present wording. It is very indefinite. If we could specify how this could be done I think it would be of more practical importance to us in the future.

Sir JOSEPH WARD: I do not know what your method of working is. I take it we would still go on through our High Commissioner with the object of inducing people to come out to our country. For instance, with the great powerful and attractive Dominion of Canada, which is so close to England and has such splendid advantages, with their great organisation that they

are going on with we should all have to carry out our own work on our own account if we desire to get the class of people we require in our country. I do not see how you could set up the machinery in the resolution unless you elaborate it minutely, so as to help your country or my country to get what we want. We are going to have the co-operation of the British Government impartially, as suggested by Mr. Burns. At the same time we must go on with our own work.

Dr. SMARTT: Perhaps Mr. Burns would, with the help of his Department, draw up a Memorandum for the Conference, showing how best the tenour of this resolution could be carried out, and also what steps the Emigration Department would take to discourage emigrants going from this country—going to anywhere except British Colonies.

Mr. BURNS: I think it may be taken generally that consciously the British Government has never discouraged emigration to any British Colony.

Dr. SMARTT: But without recommending them to go to any British Colony, your Department ought to take up strongly the position of discouraging them from going to foreign countries, and to encourage them to go to the Colony of their choice, when so many require their services.

Mr. BURNS: The Conference has, by the adoption of the first paragraph: "That it is desirable to encourage British emigrants to proceed to British Colonies rather than to foreign countries," met your point.

Dr. SMARTT: No, my point is to know what steps your Department proposes to take to carry out the tenour of this resolution.

CHAIRMAN: We will take the best steps we can. We could not define them at the moment.

Mr. BURNS: If those steps can be improved we shall be pleased to hear from the Colonies.

Sir WILFRID LAURIER: The Conference is obliged to Mr. Burns for his address to us on this subject.

Mr. DEAKIN: I am very happy to support Sir Wilfrid Laurier in recognising the kindness and frankness of the Minister's address this morning.

NATURALIZATION.

Naturalization.

CHAIRMAN: With regard to the subject of naturalization to which we now pass I may remind you that we sent out in December last certain papers dealing with the subject, and the Home Secretary is here to-day to make a further statement to you and to make a suggestion as to the best manner in which the Conference might, perhaps, deal with this subject in its present form.

Mr. HERBERT GLADSTONE: Lord Elgin, and gentlemen, we are, I take it, in general agreement that it is most desirable to attain uniformity in this matter by Imperial legislation as far as possible. We recognise that this

is a question of the greatest importance to the Colonies. Experience and scientific observation have taught us much on the subject, but here in this country we have a dense established population, and the difficulties which will occur in connection with naturalization are not likely to be of a critical nature. To the Colonies with their vast unfilled territories, we recognise that questions of immigration and naturalization admittedly must be of the greatest moment. In what I have to say I propose to deal with the main considerations and to avoid for the present the subsidiary points, and all the more so because when you disturb the seemingly quiet surface you very soon find that there are a series of rocks and shoals in law and other directions in connection with this question. The draft Bill circulated as a basis for this discussion I need not say we have no desire to rush in any sense at all. It has been prepared for this discussion, and I have no doubt the discussion will be full in every way. Our wish in seeking uniformity is to cover by the Act which we have in prospect as completely as possible all the ground which is common to us all, both in the United Kingdom and in the Colonies; and the Bill itself re-enacts, consolidates, and, to a certain extent, amends the existing law. In its construction we proceeded from the circumference to the centre rather than from the centre to the circumference. First and foremost, I would like to draw the attention of the Conference to the fact that the Bill proposes to remove two principal anomalies which have for a long time caused irritation and inconvenience, both in the Colonies and in the Mother Country. First of all, as the law now stands, a certificate of naturalization can only be granted in the United Kingdom—excepting the case of a person in the service of the Crown—to a person who has resided, and intends to reside, in the United Kingdom. If he intends to go to the Colonies, however closely associated he may be with British interests and British life generally, he cannot be naturalised. Therefore it comes to this, that a wish on the part of this person to go to the Colonies in itself becomes a disqualification. Conversely, if a man in the Colonies is identified with Colonial interests, even if he is naturalised in that Colony, he cannot qualify if he comes to the Mother Country until he has resided here for five years. So that his Colonial connection is again a disqualification for a period of five years during which he cannot become a British subject. Our view is that these anomalies are totally opposed to the principle of unity and solidarity within the Empire with regard to this matter. We propose to deal with this in clause 7 of the Bill, which provides that: "An alien who within such limited time before making "the application hereinafter mentioned as has been under any Act hereby "repealed or may be allowed by the Secretary of State, either by general "order or on any special occasion, has resided in His Majesty's Dominions "for not less than five years or has been in the service of the Crown for not "less than five years, and he intends, when naturalised, either to reside in "His Majesty's Dominions, or to serve under the Crown, may apply to the "Secretary of State for a certificate of naturalization." It is in its general terms taken from the Act of 1870, but substituting "His Majesty's Dominions" for "the United Kingdom." In that way we propose to entirely remove this particular anomaly. The second leading anomaly to which I have alluded lies in the fact that a certificate of naturalization granted in a Colony takes effect only in that Colony. We propose to remove that by clause 26 of the Bill, the effect of which in brief is this, that where conditions of naturalization in a Colony are substantially the same as those required in the United Kingdom, an Order of His Majesty in Council may enable that certificate granted in that Colony to have effect throughout the Empire. That provision produces two main results; a certificate granted in the Colonies in that prescribed way becomes valid in the United Kingdom, and in the second place it becomes valid in other Colonies. By the first result the second great anomaly to which I have referred is removed.

Mr. DEAKIN: "Colonies" covers more than "self-governing Colonies."

Mr. HERBERT GLADSTONE: That is quite true. I am talking in general terms now. That point certainly requires elucidation and discussion; and other similar points, for instance, as an illustration the meaning of the word "Governor" in the Bill. Points of that sort will require further discussion. I am only dealing now with the general drift of our proposals. I think then that so far as the removal of these anomalies is concerned, we do provide a certain basis of principle for an Imperial Naturalization Law. The second result of clause 26, to which I have alluded, namely that a certificate given in the Colonies is valid in other Colonies, has been the subject of considerable criticism in the Memorandum which we have received from the Cape drawn up by the Attorney-General of the Cape Government. His point is that the Imperial law is too lax to be accepted as a test of adequate conditions of naturalization in the Colony; and he develops the criticism in two directions. He points out that, the discretion of the Secretary of State being absolute, there was nothing in the law to prevent in the Mother Country a certificate of naturalization being given to undesirables who might even be criminals, and in the second place to persons of non-European descent. In passing, I might perhaps observe one remark in the Memorandum. The Cape Attorney-General noted that at the time the Memorandum was written there was no Act dealing with the immigration of aliens in this country. Since then, as is well known, an Act has been passed, and certainly with regard to undesirables that Act has had a considerable operative force, and it does arm the Government with large powers to deal with aliens who are found guilty of crime in this country; and under that Act we have got rid of a large number of extremely dangerous and unsatisfactory persons. So we are so much, at any rate, to the good in that matter. Perhaps I may here deal with the point that the law of this country is lax, or rather that the practice under the law, the administration of it, is lax, because that is what it comes to. I may just briefly describe to the Conference what our action is in regard to this matter in my Department. Every applicant for a certificate has to give four referees as to his character, and he has to give a fifth as to his residence. In every single case the most minute inquiries are made as to his character, his position, his antecedents, and his intentions. Of course, the inquiries are made in various directions, and whenever there is any necessity we make the inquiries through the police, who are the most convenient agents at our disposal in the matter. We also lay down certain tests which we require the applicants to pass; for example, we have the general test that the man must be able to read and write. We hold that he has not a real claim to the advantages of citizenship unless he is able to read and write English. Although there may be a solitary occasion or two in which some exception is made to that, that is the general rule on which we act. Then there is also a fee to be paid, if the alien is generally satisfactory, of 5*l*., before he can get his certificate. If there is any suspicion of criminality on the part of the man, that suspicion has to be dissipated as a condition precedent to his obtaining his certificate; and, as far as we know, no criminal has been naturalised in this country. Of course, we maintain, whatever may be said about the provisions of the law, that in effect our administration of it is by no means lax, and would fulfil with regard to undesirableness and crime the requirements which are suggested on the part of the Cape Government. But it would be quite possible to consider whether certain classes of criminal undesirables might not be named in the Bill as being disqualified for naturalization. That is a matter which we should be very glad to consider, and, in fact, to put it briefly, we might see how far

we could express in law what, in fact, has been our practice in its administration in this country. With regard to the second point of the Cape Attorney-General, namely, his reference to persons of non-European descent, in this country we have admitted extremely few persons of non-European descent. It is a point, so far as we are concerned here, which is not at all serious; and I would like to remind the Conference that Natal, which has by law excluded non-Europeans from naturalization, has accepted the United Kingdom's certificates as valid. A point has been raised in the Cape Attorney-General's Memorandum with regard to the conditions prevailing in Crown Colonies in regard to this matter, and he says it is a vital consideration that Hong Kong, a Crown Colony, has no naturalization law, and that the Straits Settlements require no stated period of residence, so there is nothing to prevent a Chinaman landing there and at once getting his letters of naturalization, and if the recommendation of the Committee is adopted, that it shall suffice to declare intention to reside within the Dominion, that Chinaman can at once proceed to South Africa, and can only be shut out by Act of Parliament. Of course, that is a point that requires very serious consideration, but I would suggest with regard to it that the Order in Council under these circumstances would not be made, because the conditions locally would not be so satisfactory as the conditions which prevail in this country, which would be the test. The test really would be the conditions which prevail in this country, and not the conditions which might prevail in Hong Kong or the Straits Settlements or any other Crown Colony. I would suggest to the Conference on this point, which is, as I quite understand of great importance in connection with this Draft Bill, that before an Order in Council is issued there would be ample opportunity to consult the Colonial Governments concerned; and through the machinery, which I am glad to say it is proposed to set up by the establishment of a Secretariat, we should be able to ascertain the views of the Colonial Governments concerned, as to whether the conditions of the certificate were sufficiently satisfactory.

I do not like to go into further details at this stage. We shall be glad to consider any suggestion. A number of detailed suggestions were made in the Cape Attorney-General's Memorandum, most of which have been dealt with and embodied in the draft Bill; so that it is proposed to assimilate those suggestions which are now the law in most Colonies with our own law. We recognise the force and justice of the claim of the Colonial Governments to deal with special difficulties which affect them in varying ways, and with which the Home Country is not directly concerned, or with which it is not desirable or possible for us to deal ourselves. I would venture to suggest that outstanding points, points for the most part of detail, but still of very important detail, should be left to be dealt with by a committee. Our chief desire is to make the Imperial Law as comprehensive and acceptable to the Empire as possible, and we seek, in short, willing agreement on a basis which will not interfere with the local necessities and the legitimate desires of all the individual Colonial Governments which are concerned in this question. I therefore would venture, Lord Elgin, to suggest that this Bill might be referred to a Committee, so that its details may be thoroughly considered by representative men, and I would propose to move a resolution which runs thus: "That, with a view to attain uniformity, so "far as practicable, an inquiry should be held to consider further the "question of naturalization, and in particular to consider how far and "under what conditions naturalization in one part of His Majesty's Dominions "should be effective in other parts of those Dominions, a subsidiary "Conference to be held if necessary under the terms of the resolution "adopted by this Conference on the 20th April last."

Sir WILFRID LAURIER: That is, perhaps, as far as this Conference would propose to go. It is a very complicated question, and I think it advisable to have a discussion upon it.

CHAIRMAN: You wish to discuss it further?

Sir WILFRID LAURIER: I think so. It is most important and most complicated.

Sir JOSEPH WARD: It certainly ought to be discussed.

Mr. HERBERT GLADSTONE: It is very complicated.

CHAIRMAN: We submitted this resolution strictly in the terms of the decision of the Conference the other day with regard to our future organisation, so that it might be carried out on those lines, namely, that we should be responsible for seeing that an inquiry was made at a subsidiary Conference held as soon as the inquiry might be ready. We put it before you just now in case on those terms the Conference did not wish to discuss it further at this meeting, it being a very technical matter, but of course if the Conference does desire it, we must try and arrange another day.

Dr. JAMESON: Could it be adjourned to one day next week, when we might have a copy of what Mr. Gladstone has told us?

CHAIRMAN: We cannot discuss it next week.

Sir JOSEPH WARD: I think we ought to have a general discussion upon it.

Dr. JAMESON: Yes, that general discussion might be at a later period, and then we shall have before us a copy of Mr. Gladstone's address.

Sir JOSEPH WARD: If this matter went to a Committee before we had an opportunity of discussing it, there are some points of material importance certainly, to New Zealand, which I should have no opportunity of dealing with. I wish to deal with them, though I can do so briefly, because it is a very complicated and difficult matter and the proposals outlined by Mr. Gladstone in some respects are of a very far reaching character so far as my country is concerned.

Mr. HERBERT GLADSTONE: May I say that I did not formally move the resolution with a view to avoid a general discussion before we got to it, but I thought that as the hour was now late it might be desirable to put my general suggestion before the Conference so that you should be in possession at any rate of our views in the matter, and then the Conference could take what course it thought desirable.

CHAIRMAN: Then the Conference adjourns on this matter, and the actual day to be fixed for that discussion to be left open.

Adjourned to to-morrow at 3.30.

Minutes of Proceedings at a Discussion between the Chancellor of the Exchequer and Others representing His Majesty's Treasury and certain Members of the Conference.

25 April 1907.

HELD AT THE TREASURY, WHITEHALL, THURSDAY, 25TH APRIL 1907.

PRESENT:

The Honourable ALFRED DEAKIN, Prime Minister of the Commonwealth of Australia.

The Honourable Sir JOSEPH WARD, K.C.M.G., Prime Minister of New Zealand.

The Honourable L. S. JAMESON, C.B., Prime Minister of Cape Colony.

The Honourable Dr. SMARTT, Commissioner of Public Works (Cape Colony).

General the Honourable LOUIS BOTHA, Prime Minister of the Transvaal.

The Right Honourable H. H. ASQUITH, K.C., M.P., Chancellor of the Exchequer.

The Right Honourable W. E. MACARTNEY (Deputy Master of the Mint).

Mr. WALTER RUNCIMAN, Financial Secretary to the Treasury.

Sir E. W. HAMILTON, G.C.B., K.C.V.O., Permanent Financial Secretary to the Treasury and Auditor of the Civil List.

Sir GEORGE MURRAY, K.C.B., Permanent Administrative Secretary to the Treasury.

Sir HENRY PRIMROSE, K.C.B., C.S.I., Chairman of the Board of Inland Revenue.

Mr. W. BLAIN, C.B., and other Officials of the Treasury.

Mr. G. W. JOHNSON, C.M.G.
Joint Secretary.

DOUBLE INCOME TAX.*

DOUBLE INCOME TAX.

CHANCELLOR OF THE EXCHEQUER: I thought that, perhaps, the most convenient point to begin with, subject to your opinion, was the double payment of income tax. It touches you most, Dr. Jameson, and you also, Mr. Deakin.

Dr. JAMESON: Very much indeed, and it will affect General Botha very much more than it does us, or will presently.

CHANCELLOR OF THE EXCHEQUER: It does not just now, Dr. Jameson; perhaps you had better open that topic if it is convenient to you.

* *See* p. 543.

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Dr. JAMESON: Mr. Asquith, we have stated and re-stated this case frequently and I think it is fairly rightly stated in our resolution: "That it "is inequitable that income tax be levied in the United Kingdom on profits "made in the British Colonies and possessions, upon which income tax has "been paid in such Colonies or possessions, and it is equally inequitable that "income tax be paid in any British Colony or possession on profits made in "the United Kingdom upon which income tax has been paid in the United "Kingdom, and that representations be made in the Federal Government to "urge the repeal of enactments imposing double income tax on British "subjects by the laws of the separate States and Great Britain."

I think you will remember, Mr. Asquith, that about eight months ago when I was at home the De Beers Company came and put the case before you, and I had the pleasure of seeing you afterwards and we got at that time what, I am afraid, we rather expected to get—an absolute *non possumus*. We recognise that judgment has been given against us in the test case of De Beers by all the various courts going up to the highest, so that, of course, as the law stands, we recognise that we are liable. What we ask is—and it is a very large "ask," no doubt—that there should be legislation introduced in the Imperial Parliament altering the law. That is the only way in which our people can get relief at all. At present the position turns on the difference as to where profits are earned and where they are spent practically, and we know that we can only get relief from this double income tax upon income which is earned in the Colony, or in General Botha's case, where he has not got an income tax at present but probably may have later on, if in any case the money is actually earned in the Transvaal, when there are various shareholders outside the Transvaal, not only here, but abroad—I mean, not only in the United Kingdom, but in Europe generally—and General Botha takes the view which we take in Cape Colony, that if there is to be any taxation on those earnings, it ought to go to the State in which the earnings are created.

I do not think I need elaborate the case. It is simply as to whether the Exchequer can see its way to introduce such legislation as would exempt us, in Companies where the whole production takes place within our Colony, from the taxation of shareholders living there. There are two ways of doing the thing, as to shareholders living in the Colony itself, and as to people living in England. The usual method of collection at the present moment is that the Company deducts the total income tax, whether in the Colony or in England, from the total amount of profits earned, and, therefore, the Colonial shareholder is hit twice in our case, and we think he ought not to be; and the same in General Botha's case. Representations have been made from the foreign shareholders in the particular case of the De Beers Company where the test case took place against it. Of course, the Colonial shareholder also feels it, and he has made violent protests against it.

There is the point, possibly, that abroad or in the United Kingdom where money is spent and the man living, he may have to pay his income tax, but surely for the Colonies themselves, for the individual Colonial shareholder, it seems to be inequitable that he should be taxed for money earned when those earnings are spent within the Colony itself. Perhaps he never visits anywhere except in the Colony, and yet he has to pay this tax to the English Government besides the ordinary taxation he has to pay in his own country.

There is a small point also which was brought forward at that time, that supposing the companies did not practically collect the income tax for the Imperial Government here and that they had to collect it from the individual shareholder themselves, which, of course, would be in the power of the company, then probably the Treasury here would lose a good deal of money. That is merely a small side issue, and roughly the position

is that I wish to press upon you, if you see your way to it, that legislation should be brought in so as to remove this inequitable tax, as we consider it to be, on the Colonial shareholders.

CHANCELLOR OF THE EXCHEQUER (*to General Botha*): Have you anything to say upon this topic?

General BOTHA: No, except that I quite agree with that.

CHANCELLOR OF THE EXCHEQUER: You associate yourself with what has been said?

General BOTHA: Yes.

CHANCELLOR OF THE EXCHEQUER: It does not interest you, Mr. Deakin?

Mr. DEAKIN: Certainly, it interests us because there is a double tax. It interests us quite as much as it does any other part of the Empire, but we have not pressed it further because we understood (I hope I may be undeceived) that your mind was absolutely made up about it, and that there was no chance of our being exempted. That is our position.

CHANCELLOR OF THE EXCHEQUER: Of course, as Dr. Jameson knows, he and I have talked about this before.

Dr. JAMESON: Sir Joseph Ward is here now, and he may have something to say about it.

Sir JOSEPH WARD: I do not know what you have been discussing, but we have had an important question of what we think is dual taxation up very frequently in our country, as to whether there was a possibility of reciprocity where your people come out who are paying income tax legitimately here, and may reside for a time in our country till the arrival of the period for collecting income tax; they invariably complain when asked to pay income tax in our Colony, and we have that reversed of course; people from New Zealand come to the Old Country, and the question is whether it is possible to arrive at the position of saying that we shall not charge an Englishman resident in our country who pays income tax if you say the same to a New Zealand resident who comes to England. If we could arrive at a mutual understanding upon that point it would be very satisfactory to us. I admit it is a very difficult thing to do.

CHANCELLOR OF THE EXCHEQUER: It is a difficult thing to do, but that is rather a different point from the one Dr. Jameson has raised. I will take a typical case, the case of the De Beers Company, which has been held liable to income tax here, and I may point out that the tax is a tax, not upon the shareholders, but upon the profits of the Company; of course, indirectly no doubt in the long run it is a tax which falls on the individual shareholders, but the tax is collected here upon the profits made by the Company, and the ground upon which the Company has been held liable is no new ground, it is quite as old as our income tax legislation. It is that the Company has been found in point of fact to be resident here, that is to say, that although the mines which it owns, and the operations for working those mines are carried on in South Africa, what the Courts have held to be the head, the controlling power, the directing power, the brains, and the nerve centre of the Company is

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DOUBLE INCOME TAX.

(Chancellor of the Exchequer.)

here in London, or at least within the jurisdiction of the United Kingdom, and it is always a question in each case, a pure question of fact, whether that criterion is or is not satisfied.

There are a great many companies carrying on operations, for instance, in the Transvaal, a great many gold-mining companies of which that cannot be said, where the directing power, the real head and centre and directing power is not here, but is in the Transvaal, the spot where the physical operations of mining are carried on, and wherever that is the case the Imperial income tax is only exigible from any part of the profits which is remitted to this country, and actually received here. It is only when in point of fact the Courts come to the determination with regard to a particular company, that the head and centre of the operations are here, that the Company is regarded as in point of law resident or domiciled here, that the whole of its profits comes within the reach of the income tax law. It is open to any company to alter its arrangements in that respect if it is to its interest to do so, but so long as the company conceives it to be in its interests to carry on the main directing power of its operations within the area of the United Kingdom, a matter which is entirely within its discretion to determine one way or the other, it has always been the law—it is no new law—in this country that the whole profits made as the result of that company's operations are subject to income tax here and the profits of the company as a whole are liable to be so charged.

I cannot hold out any hope that the Imperial Parliament will effect any change in that principle of law. To do so would be to deprive ourselves here of an amount which I should be very sorry offhand to calculate, and also it would be to fly entirely in the face of the principle of our income tax law, which is that wherever a person, a natural person or an artificial person, chooses for purposes of his or their own, to domicile themselves in this country, to take the advantage of our laws for the purposes of carrying on their trade, they are proper subjects of taxation, and we cannot discuss the question amongst whom in what part of the world the ultimate profits are divided.

We have many such cases, not only in connection with the Colonies; we have many more cases in connection with foreign countries. In South America, as Dr. Jameson knows, we have a great many South American railways, and although the whole operation of the railway as a railway is carried on in South America, the capital has been, as a rule, very largely subscribed here, and the board of directors meets here, and the operations of the company are carried on here. We tax those companies, although they are South American companies in the same sense in which De Beers is a Cape Colony Company.

Sir JOSEPH WARD: Do you tax in that case the individual in London on the profits of the Company?

CHANCELLOR OF THE EXCHEQUER: No, we tax the Company upon its profits. We take the profits of the Company and tax them.

Sir JOSEPH WARD: Then does the individual upon his annual income again pay on a proportion of these profits?

CHANCELLOR OF THE EXCHEQUER: No; if the individual has a claim for abatement or anything of that kind that is another matter. We tax the profits of the Company, and then the Company hands on the burden of the liability, no doubt, to the individual shareholder by deducting from

the dividend which would otherwise be payable to him his proportion of the income tax. The thing we have to deal with, the taxable entity, so far as we are concerned is not the individual shareholder; we have no concern with him; it is the Corporation, the artificial person who is making the profits, and who, being a person now under our law resident here, is subject to our income tax law. It does not matter whether he owns a mine in Siberia or a railway in South America or a mine in New Zealand or South Africa, the law is applied quite impartially to all and it is always a question of fact in each particular case whether the constitution and the mode of management of the Company is such as to make it effectively and actually resident for the purpose here. If it chooses to transfer its head, its centre, its brain and nerve power, to some other part of the world so that it is no longer in point of fact resident here, then, of course, our claim for income tax ceases, but in that respect the case of the Company is exactly like that of the natural person; either the one or the other have to be resident here and to carry on the main directing power of their operations here to render themselves liable to Imperial income tax.

I do not think that consistently with the general principles which pervade and underlie the whole of our income tax law it would be possible for us to make a distinction in that respect, so that I am afraid on that point I cannot hold out any hope that the Imperial Parliament is likely to alter the policy which has now been persistently and consistently pursued for more than 60 years.

Dr. JAMESON: That has just raised a point, Mr. Asquith, that made us hope there might be a possibility of something being done. We are certainly not here to look after the interests of South America or these various places you have referred to. There is that awful word "Preference" which comes into this like many other things and we are realising, as we are all here now, that the fact that there is a partnership in the various portions of the Empire is becoming more emphasised, and I cannot see a better example of partnership than if we differentiated between the foreigner and the various Colonies on a subject of this kind.

CHANCELLOR OF THE EXCHEQUER: May I interrupt you one moment? I suppose a very considerable number of the shareholders in the De Beers Company are on the Continent of Europe, are they not?

Dr. JAMESON: Yes, the shareholders, but then you told us you are not dealing with the shareholders, but with the Company, the corporate body.

CHANCELLOR OF THE EXCHEQUER: The shareholders are the people who would ultimately benefit, when you come to the question of preference. It is quite true that the operations of the Company are carried on in South Africa, but who are the people receiving the dividends?

Dr. JAMESON: I do not care much who receives the dividends or how much they receive, but I do care that a big Company in a British Colony should be as successful as possible, and I feel that the success of any other Companies following in its wake would be more assured if this great benefit was given to them as a portion of the Empire, leaving out, as you said yourself, the shareholder, and we do not care what the shareholder gets. From one point of view we naturally care what the shareholder gets, but leaving him out altogether and taking the corporate body with its operations within the Colony, if it got a certain amount of benefits probably it would

benefit very much the people who are working in that Colony. There is not the least doubt of that. You made it out to be something like 200,000*l.* for one year which is taken, and of that 200,000*l.* a great deal would go towards the working and good government of the Cape Colony. It will not all go to the shareholders. We will do things on a better scale if we are not taxed to that extent.

CHANCELLOR OF THE EXCHEQUER: It would be an increase of the dividend.

Dr. JAMESON: Take even the sentiment point of view represented by a very small amount of cash, it would be all helpful. Then you said just now that of course the brain force is here, and that is quite true with regard to the De Beers Company. I believe it has been decided by the law courts, and it must be so, but you said that if they did not like that they could move elsewhere. It has been discussed at the De Beers Board whether it would not be worth while for the sake of saving some 200,000*l.* a year that they should move their offices out of London altogether. It could be done, I believe; it would be rather difficult to move them out to Africa altogether, but I believe that could be done; in fact there is a very strong agitation on the part of a portion of the De Beers Company to move the whole thing out to Kimberley, and I wish they would, and then the only people who would pay income tax would be the British shareholder who happened to be resident in England, and the tax would have to be collected individually. That is where the agreement I brought in just now would come in because you would practically get nothing, and it would be not only the De Beers Company, but a large portion of the companies in South Africa are here with their brain power and have to pay. They have not been tried yet—but are going to be tried.

Sir HENRY PRIMROSE: There are a good many of them here, but there are also a good many not here.

Dr. JAMESON: Really, the larger ones are a great deal controlled from London.

Sir HENRY PRIMROSE: Yes.

CHANCELLOR OF THE EXCHEQUER: Many of them are, no doubt. I did not mean to imply that the whole were.

Dr. JAMESON: It would be rather too bad to frighten any of them away. Perhaps the Treasury might lose more by frightening them away than by making this concession to companies existing within the Empire in the various British Colonies.

Of course, the position is quite as you say, Mr. Asquith, only we want it altered. Here is the Memorandum from the Treasury of 1896, and they put it here perfectly simply, and that is why I began by saying that we know without legislation we could not alter the present position of things. "The tax "in England is a tax upon income received in the United Kingdom, not "earned, in that respect it appears, according to the statement of the "Memorial, to differ from the income tax, established in the Colonies, which "extends only to incomes earned in the country where the tax is in force." Now, to us Colonists, it appears that that is a most equitable arrangement that it should be a tax upon incomes earned in the country where the tax is in force, and that is what we hope may be an indication to have discussed, at all events, if not got any further.

CHANCELLOR OF THE EXCHEQUER: It would strike at the very root of our income tax law, and that is the difficulty, you see; logically it would go tremendous lengths.

Mr. DEAKIN: Are you not introducing a difference between earned income and not-earned?

CHANCELLOR OF THE EXCHEQUER: As regards small incomes. The De Beers Company under no possible stretch of the imagination could come into that category.

Mr. DEAKIN: Individual shareholders might.

CHANCELLOR OF THE EXCHEQUER: They can get the benefit of the law.

Mr. DEAKIN: I wanted to get that, because of your recent Budget distinction between earning and not earning.

CHANCELLOR OF THE EXCHEQUER: That was not the point of my remark; the point of my remark was totally different—that in England under English law income tax is payable by everybody resident here on profits wherever earned. The question whether a company is resident here is a question of fact, as you know as a lawyer, to be determined in each particular case, and if it is once held that either a natural or an artificial person is resident here, then you sweep the whole of his earnings into the net and within the ambit of the law. That has always been the position of our income tax law. Of course there is another way of giving a relief to the De Beers Company, but I daresay it would not commend itself to you, Dr. Jameson.

Dr. JAMESON: What is that?

CHANCELLOR OF THE EXCHEQUER: That the Cape Colony should not tax it.

Dr. JAMESON: I think the De Beers Company should, perhaps, be taxed more than it is for the benefit of the Cape Colony. I am going to put some more on them this year when I go back, and therefore I am very anxious that whatever is to be plucked out of them I shall get for Cape Colony and not pass it over here.

CHANCELLOR OF THE EXCHEQUER: I quite understand, and thoroughly sympathise with you, if I may say so. I am afraid you must leave that now for the moment. I need not say I will carefully bear in mind all you have said.

Mr. Deakin, which of your resolutions do you prefer to take first?

Mr. DEAKIN: I think the profit on silver.

CHANCELLOR OF THE EXCHEQUER: You have our memorandum?

Mr. DEAKIN: I have.

Dr. JAMESON: Before you leave that other point, Mr. Asquith, this is more or less a private Conference, and some of us would like if you would

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(Dr. Jameson.)

cause your answer to be sent in as a Memorandum to the General Conference so that it may be brought up.

CHANCELLOR OF THE EXCHEQUER: I quite understand; you naturally would like to raise it formally?

Dr. JAMESON: Yes.

CHANCELLOR OF THE EXCHEQUER: I will see that is done. You are now to deal with profits on silver coinage, Mr. Deakin.

PROFITS ON SILVER COINAGE.

Profits on Silver Coinage.

Mr. DEAKIN: The Memorandum I have just had the opportunity of reading I may have looked at before, but really have had no chance of fully considering. It contains a good deal which appears to me to be arguable, and that might be an interesting pursuit, but I do not know that it would profit us. Let me at once call attention to one or two omissions from the Memorandum. In the first place, nowhere here is any estimate or calculation furnished. First there is an interesting discussion as to what is "profit" and what is not, and what indefinite liabilities have to be provided for; that is mere argument. Now, as a matter of fact, it ought to be possible—I assume it is known—to state what is the apparent profit up to the present time on the silver coined in, for instance, the Colonies generally. Nowhere do we see that, and without that the argument remains academic. When reference is made to several statements here which can only have been made on the faith of some such calculation more or less close having been already carried out, one finds that it is not given. We are told that under certain circumstances the present profit may disappear. I assume these statements to be made with knowledge of what the profit is, and what chances there are of losses occurring; we are left in the dark. The supposition with us is that there is, and always has been, a considerable profit, and that there are profits still. If that could be settled by actual figures it would a good deal diminish our difficulties in dealing with the matter.

CHANCELLOR OF THE EXCHEQUER: Are the figures you wish for the total profits, or the annual profits, for a series of years, or the profit made in respect of that part of the coinage which goes to Australia and is used in Australia, or both?

Mr. DEAKIN: I should like both, because one comes into the other. The latter would show whether we are really misled by those among us who calculate that there is a very considerable profit which we have some title to claim.

CHANCELLOR OF THE EXCHEQUER: Of course as you agree we have to take into account as a set-off the loss which is incurred in replacing gold.

Mr. DEAKIN: Yes, that is reasonable. I would look at the figures with the further admission that it is within the bounds of possibility that there may be, though we hope there will not be, fluctuations in silver which may affect the profit. We have that generally in our mind, but really I feel quite unable to grapple with the practical side of this question until we have some idea of what the actual earnings are.

CHANCELLOR OF THE EXCHEQUER: I shall be glad, if it is possible, to let you have these.

Mr. DEAKIN: It would be a great advantage, and may I also ask for some other information? There is an arrangement between the Dominion of Canada and yourselves in regard to the silver coinage, which has obtained for a number of years. I asked my own officers but they could not tell me what that was, neither the nature of it nor what its effect is.

CHANCELLOR OF THE EXCHEQUER: Canada has a subsidiary silver coinage, has it not, of its own?

Mr. BLAIN: It is coined by the Mint here.

Mr. DEAKIN: And it is also now proposing to have a mint of its own.

Mr. BLAIN: Yes.

Mr. DEAKIN: I assume if it is proposing to make a mint of its own it is because they must think the business of minting more profitable than the returns which have hitherto been derived from this arrangement with you. I merely assume that from this statement.

Mr. BLAIN: I think Canada wanted a mint of its own for much the same reasons as Australia.

Mr. DEAKIN: We have got a mint of our own in that sense.

Mr. BLAIN: It is a branch of the Royal Mint, like the three branch mints in Australia, that is proposed to be founded at Ottawa.

Mr. DEAKIN: It is proposed to have an institution there and to coin locally.

Mr. BLAIN: That is all that is proposed in Canada.

Mr. DEAKIN: They will not derive any greater or less profit than they do now?

Mr. BLAIN: No.

CHANCELLOR OF THE EXCHEQUER: It is really to put them on an equality of status with you, and to have a little mint of their own.

Mr. DEAKIN: I presume there is no objection to our knowing what the nature of the arrangement that exists with Canada is.

Mr. BLAIN: The subsidiary silver coins for Canada are coined for the profit of Canada, as far as there is profit arising from the purchase of the silver, and they simply pay an allowance to the Mint here that is sufficient to cover the cost of striking the coins. Mr. Macartney would say what the allowance is.

CHANCELLOR OF THE EXCHEQUER: You charge them three per cent., Mr. Macartney?

Mr. MACARTNEY: Yes.

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Mr. DEAKIN: Are you in a position to say what profit they have been gaining from that?

Mr. MACARTNEY: No, I should not like to say off-hand, but there is profit, of course.

Mr. DEAKIN: I would be glad to know what it was.

CHANCELLOR OF THE EXCHEQUER: You understand it is a subsidiary coinage.

Mr. DEAKIN: Quite. That makes it easier to calculate than ours, but it affords a clue if you take into account the amount of the coinage, the population, and so on.

CHANCELLOR OF THE EXCHEQUER: We will try and furnish that to you.

Mr. DEAKIN: If we had those facts before us we would be able to argue in a more concrete fashion.

CHANCELLOR OF THE EXCHEQUER: Have you considered the last paragraph?

Mr. DEAKIN: Yes, we have recently called attention to the fact that our half-sovereigns are getting shabby. We recognise that as a charge against the coinage of silver. The profit upon it is ample to provide that.

CHANCELLOR OF THE EXCHEQUER: Hitherto, the old gold coins have had to be tendered to the Bank of England, and we have suggested what we thought might be acceptable to you, to allow them to be tendered in Australia.

Mr. DEAKIN: That would be an advantage.

CHANCELLOR OF THE EXCHEQUER: I think there would be a very distinct advantage in that.

Mr. DEAKIN: Yes. If we could get the information I have asked for, perhaps we might look at this again.

CHANCELLOR OF THE EXCHEQUER: Very well. What would you like to take next?

DECIMAL SYSTEM.

DECIMAL SYSTEM.

Mr. DEAKIN: There is decimal currency, still believed to be disposed of by an interesting document of 1859.

CHANCELLOR OF THE EXCHEQUER: Just before you arrived here, we had a Debate this Session in the House of Commons, not on decimal currency, but on decimal weights and measures.

Mr. DEAKIN: The metric system.

CHANCELLOR OF THE EXCHEQUER: It is more or less related to it.

Mr. DEAKIN: They are looped together by this report of 1859. The effect of that discussion in the House was——?

CHANCELLOR OF THE EXCHEQUER: To show on the whole a very adverse feeling to any change. The state of the law here at present is, as regards weights and measures, that it is optional; anybody, if they please, can carry on their transactions on the decimal nomenclature, or whatever you choose to call it, as regards weights and measures.

Sir JOSEPH WARD: In England itself?

CHANCELLOR OF THE EXCHEQUER: Yes; it is optional, but it is not compulsory, and some changes have been advocated by a considerable body of opinion, principally amongst the Chambers of Commerce. The advocates of the change have been advising that the change should be made, allowing an interval for the transformation from one system to the other, and the thing came to a head a few years ago in the House of Commons, when a Bill was brought in, and the thing was very thoroughly debated. I forget the exact figures.

Mr. RUNCIMAN: The Bill was lost by a large majority weeks ago.

CHANCELLOR OF THE EXCHEQUER: A very considerable majority in this new House of Commons, which is pretty fresh from the country, and I thought that was probably a fair indication.

Mr. DEAKIN: "Fresh" in the sense you apply the word to horses.

CHANCELLOR OF THE EXCHEQUER: In both senses, perhaps.

Dr. JAMESON: The option is very little used.

CHANCELLOR OF THE EXCHEQUER: Very little.

Mr. RUNCIMAN: It is used in the engineering trades to some extent.

CHANCELLOR OF THE EXCHEQUER: I think we had a very interesting debate about it which, perhaps, you may find worth reading—the report in "The Times" a few weeks ago. The strong opposition came from the cotton trade; I think they were the strongest of all.

Mr. RUNCIMAN: Yes, and the whole of the textile trades.

CHANCELLOR OF THE EXCHEQUER: The textile trades as a whole, but the cotton trade in particular; they said it would involve a complete revision of the whole of their machinery as well as the old-established price-list which has been slowly compiled during 50 years.

Mr. RUNCIMAN: And the reconstruction of their looms?

CHANCELLOR OF THE EXCHEQUER: Yes, and, in fact, of the whole apparatus of production, which would be so expensive and involve

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DECIMAL SYSTEM.

(Chancellor of the Exchequer.)

during the process of transformation so much loss from capital lying idle and the new capital which would have to be put into it, that they regarded it as a thing which would be for the time being almost disastrous to the cotton industry. The operatives and masters were absolutely at one about it; there was a most remarkable demonstration from the whole of that industry, and I think the woollen trade was hardly less emphatic.

Mr. RUNCIMAN: The cotton trade is even more important, as the English "count" is the standard for the world.

CHANCELLOR OF THE EXCHEQUER: That is quite true; it would affect India, and I suppose America, and you have always to consider the United States in this matter. There is no tendency whatever, as far as one can see, in the United States towards the decimal system, no really definite tendency.

Mr. DEAKIN: It is not like the coinage.

CHANCELLOR OF THE EXCHEQUER: I am speaking of the weights and measures. It is very difficult to separate the two; they are related very much to one another.

Mr. DEAKIN: As will be seen from our resolution, our Parliament contains a certain number of members who are deeply interested in this, more or less from theoretical considerations; but the resolutions both about the metric system and a decimal coinage relate to their use within the Empire. It never has been contemplated in relation to either that we should set up a standard of our own, and that is why we have to bring them forward conditionally. The resolution as to decimal currency asks that it should be applicable to the whole Empire. Of course, a statement as strong as you are able to make at the present time, after your Parliamentary discussion, does not encourage any debate on the merits.

CHANCELLOR OF THE EXCHEQUER: I, personally, was always rather what you would call an academic advocate of it. Some of the great thinkers are not, and Herbert Spencer, for instance, was very much opposed to it.

Mr. RUNCIMAN: He was a duo-decimalist.

Mr. DEAKIN: Our resolutions on this point direct us to press for their use within the Empire in each case; in each case they desire an Imperial scheme. Mr. Asquith himself is theoretically inclined to it.

CHANCELLOR OF THE EXCHEQUER: I was, but I am not sure that I am now; I am a little weakened in my views.

Mr. DEAKIN: In any case it is sufficient, take whichever view you please, if you tell us that there is no present prospect of either of the systems being adopted. Is there any chance of this suggestion that the manufacturers and traders should themselves institute an inquiry being carried out? Your colleague appeared to think it possible.

CHANCELLOR OF THE EXCHEQUER: I am afraid as regards three or four of the leading industries in this country you would find it impossible, they would have nothing of the kind.

Sir JOSEPH WARD: We have legislation affirming it in our country subject to Britain adopting it.

CHANCELLOR OF THE EXCHEQUER: Making it compulsory.

Sir JOSEPH WARD: Providing it is adopted in Britain, otherwise it would be no use to us.

Dr. JAMESON: It is the same with us; it comes up regularly with us and it is "when the Imperial Government passes a measure."

Sir JOSEPH WARD: We have actually passed legislation giving the Governor in Council power with regard to the matter.

CHANCELLOR OF THE EXCHEQUER: It is obviously a thing in which one part of the Empire cannot move without the rest; It must be inter-dependent and it is not worth doing unless on an Imperial scale.

Sir JOSEPH WARD: I concur that unless it is Imperial in its operation there is no use troubling further about that.

CHANCELLOR OF THE EXCHEQUER: I am afraid there is no present prospect of that at any rate.

Mr. DEAKIN: In face of the attitude of the Mother Country both the metric system and the decimal currency are temporarily outside practical politics?

CHANCELLOR OF THE EXCHEQUER: I am afraid so.

STAMP CHARGES ON COLONIAL BONDS.

Mr. DEAKIN: You are still going to levy stamp charges on Colonial Bonds.

CHANCELLOR OF THE EXCHEQUER: I think we give you a good deal there.

Mr. DEAKIN: If you have no intention of altering that either, why should we argue?

CHANCELLOR OF THE EXCHEQUER: I think for the reasons stated here, and we make a very good case, we have given you under the Colonial Stock Act—as I had occasion to point out to you the other day, and I do not want to exaggerate it at all—what you ought to agree is very substantial.

Mr. DEAKIN: That is a preference.

CHANCELLOR OF THE EXCHEQUER: It is a preference of a most substantial kind, as compared with all foreign securities. I had a calculation made the other day for the purposes of the Budget, and I was informed—and I think it is an under-estimation rather than otherwise—that about 300 millions of Colonial Stock had benefited by being admitted to the category of, and treated as, trust securities.

Mr. DEAKIN: I notice, however, in this table, comparing the prices in February 1900 and February 1907, the argument implies, and I

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Stamp Charges on Colonial Bonds. (Mr. Deakin).

suppose it has a certain measure of correctness, that Consols may be taken as a standard in respect of these securities, without regard to the continually changing circumstances affecting them specially.

CHANCELLOR OF THE EXCHEQUER: All comparisons of that kind must be taken with a good many deductions, of course; they are not put forward as mathematically accurate, of course. There are lots of things that happen in the interval, for instance, the war; and great difficulties were caused there.

Mr. DEAKIN: Yes. Besides the great prosperity of New South Wales and New Zealand affects the prices of their bonds quoted here.

CHANCELLOR OF THE EXCHEQUER: All these must be regarded as illustrations. They are not put forward as demonstrations, but I think the facts stated in that memorandum show that we are really treating the Colonial securities with a preference of a very substantial kind as compared with every other security, including some of our own—including a large number of our own—considering the amount of securities that have been issued by our own municipalities.

Mr. DEAKIN: We always make a broad distinction between our municipal securities and State securities.

CHANCELLOR OF THE EXCHEQUER: Particularly if compared with foreign and leaving out municipal securities, we have given a very substantial preference to the Colonies which I think ought to be regarded as final for the time being at any rate.

I think that concludes our Agenda, does it not, for the moment? It comes to this, Mr. Deakin, as far as you are concerned, that you would like on the question of the silver coinage to have those further particulars for which you asked and then to have a further discussion on the subject.

DOUBLE PAYMENT OF INCOME TAX.

Double Payment of Income Tax.

Sir JOSEPH WARD: Referring further to the question of double payment of income tax, Mr. Asquith, I would like a little further information. We have had a great many representations about it in New Zealand from time to time. Take a shareholder in a company that is registered in England and earns its money in New Zealand, assuming he gets 1,000*l.* as a dividend from that company do you charge the income tax to the company on the whole of its profits here, including of course the 1,000*l.*, and then to the individual shareholder on his 1,000*l.* too?

CHANCELLOR OF THE EXCHEQUER: Is he resident in New Zealand?

Sir JOSEPH WARD: If resident here.

CHANCELLOR OF THE EXCHEQUER: If resident here, if the income tax is charged to the company then we are satisfied as far as we are concerned, and the company proceeds to deduct from his dividend his proportionate share of the tax which they have paid to the Government here.

Sir JOSEPH WARD: And the shareholder is not charged again?

CHANCELLOR OF THE EXCHEQUER: No.

Dr. JAMESON: He will bring forward a statement, I presume, that he paid on that occasion.

CHANCELLOR OF THE EXCHEQUER: Yes. If he is a person entitled to an abatement; that is to say, if his whole income is less than 700*l.* a year, which is our upward limit for abatement, then he is entitled to an abatement of something between 70*l.* and 160*l.* according to the amount of his income, and he would be entitled *pro tanto* to have that refunded if the company had taken the full rate from him.

Sir JOSEPH WARD: I ask the question because we have had representations made rather the other way. Taking the case of a limited liability company registered in London and with their shareholders here, earning its money in our country upon which they charge him income tax on their earnings there—whom do you charge—the company?

CHANCELLOR OF THE EXCHEQUER: We charge the company.

Sir JOSEPH WARD: The shareholders are not resident in our country at all in the case I am taking; they are here. Amongst the representations made is one that in our country the Company has first to pay income tax to the New Zealand Government which is charged to the shareholders as a whole, and then the individual shareholder pays again in England. That is what we have been told.

CHANCELLOR OF THE EXCHEQUER: They could not possibly.

Dr. JAMESON: In the case of those paying income tax on money earned in the Colony, say that they registered a company in London, therefore the profits would be received in London and paid out in London, and so they would pay a second time in London according to the present conditions because, as put here in the case of this company Sir Joseph Ward is talking about now, the income tax is a tax upon income received in the United Kingdom. If the company is registered here the income will be received in the United Kingdom and your man will pay. Yours is the same as ours in the Cape which taxes only the income earned in the country where the tax is in force, but it will pay both there and in England.

CHANCELLOR OF THE EXCHEQUER: That may be, but I thought the question was whether we collected the tax twice over, once from the company and once from the shareholder.

Sir JOSEPH WARD: Yes.

CHANCELLOR OF THE EXCHEQUER: And my answer was addressed to that question. We never get the tax twice over.

Sir HENRY PRIMROSE: No.

CHANCELLOR OF THE EXCHEQUER: If you choose to tax him you get it. There is nothing in international or municipal law to prevent you paying income tax twice, in two different countries, if the laws of those countries each allow it.

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Double Payment of Income Tax.

Sir JOSEPH WARD: On the same earnings?

CHANCELLOR OF THE EXCHEQUER: Yes, nothing whatever if they insist upon it. It is not against the comity of nations. Does that conclude everything? Thank you very much.

SEVENTH DAY.

HELD AT THE COLONIAL OFFICE, DOWNING STREET,
FRIDAY, 26TH APRIL 1907.

PRESENT:

The Right Honourable THE EARL OF ELGIN, K.G., Secretary of State for the Colonies (President).

The Right Honourable Sir WILFRID LAURIER, G.C.M.G., Prime Minister of Canada.

The Honourable Sir F. W. BORDEN, K.C.M.G., Minister of Militia and Defence (Canada).

The Honourable L. P. BRODEUR, Minister of Marine and Fisheries (Canada).

The Honourable ALFRED DEAKIN, Prime Minister of the Commonwealth of Australia.

The Honourable Sir W. LYNE, K.C.M.G., Minister of Trade and Customs (Australia).

The Honourable Sir JOSEPH WARD, K.C.M.G., Prime Minister of New Zealand.

The Honourable L. S. JAMESON, C.B., Prime Minister of Cape Colony.

The Honourable Dr. SMARTT, Commissioner of Public Works (Cape Colony).

The Right Honourable Sir R. BOND, K.C.M.G., Prime Minister of Newfoundland.

The Honourable F. R. MOOR, Prime Minister of Natal.

General the Honourable LOUIS BOTHA, Prime Minister of the Transvaal.

Mr. WINSTON S. CHURCHILL, M.P., Parliamentary Under Secretary of State for the Colonies.

Sir FRANCIS HOPWOOD, K.C.B., K.C.M.G., Permanent Under Secretary of State for the Colonies.

Sir J. L. MACKAY, G.C.M.G., K.C.I.E., on behalf of the India Office.

Mr. H. W. JUST, C.B., C.M.G.,
Mr. G. W. JOHNSON, C.M.G., } *Joint Secretaries.*

Mr. W. A. ROBINSON,
Assistant Secretary.

ALSO PRESENT:

The Right Honourable The LORD CHANCELLOR.

The Right Honourable The EARL OF CREWE, Lord President of the Council.

Seventh Day.
26 April 1907.

Mr. H. BERTRAM COX, C.B., Legal Assistant Under Secretary of State for the Colonies.
Mr. E. S. HOPE, C.B., Registrar of the Privy Council.
Mr. A. W. FITZROY, C.V.O., Clerk to the Privy Council.

IMPERIAL COURT OF APPEAL.

IMPERIAL COURT OF APPEAL.

CHAIRMAN: Gentlemen, we proceed to-day to the question of Judicial Appeals. We have before us two resolutions, one proposed by the Commonwealth of Australia and another by the Cape Colony. I think Mr. Deakin is ready to speak to the Australian resolution.

Mr. DEAKIN: My Lord, my Lord Chancellor, and gentlemen, the resolution of the Commonwealth of Australia is simply, "That it is desirable to establish an Imperial Court of Appeal," by which it is intended to convey a single Court of Appeal for the whole Empire, instead of as at present retaining dual Courts, the one dealing with cases from India and the self-governing Colonies, and the other dealing with cases arising within the United Kingdom. It is unnecessary to go further back than the time of the passage of the Commonwealth Constitution through the British Parliament, when the question of appeal arose in relation to the discussions as to the proposals in regard to appeals made in the Commonwealth Constitution, at the very outset of the discussion between the then British Government and the representatives from Australia who were charged with attendance here during the passage of that Bill. In the very first document that we received from the Government of the United Kingdom occurs a memorable passage. It is headed, "Memorandum of the Objections of "Her Majesty's Government to some provisions of the Draft Commonwealth "Bill." I quote the statement made by the Government on page 152 of the volume of "Debates in the Imperial Parliament with Appendices," published in 1901 from the British Hansard: "Proposals are under considera-"tion for securing a permanent and effective representation of the great "Colonies on the Judicial Committee, and for amalgamating the Judicial "Committee with the House of Lords so as to constitute a Court of Appeal "for the whole British Empire." Again, on page 156, in a telegram from the then Secretary of State for the Colonies, Mr. Chamberlain, to the Governors of the Australian States, there is this, sub-paragraph 7: "Her "Majesty's Government feel that the actual restriction of the power claimed "to make further restriction equivalent to the practical abolition of appeal "would be specially inopportune at the moment when they are considering "the terms of a Bill for enhancing the dignity and promoting the efficiency "of the Judicial Committee by practically amalgamating it with the House "of Lords and providing for permanent representation of the great Colonies "in a new Court which it is proposed to create." In consequence of those statements and their discussion then a Colonial Conference was called in 1901—what would be now termed a subsidiary Conference—for the purpose of considering this special question. Perhaps before referring to that I might call attention, for the sake of those who are sufficiently interested to pursue the course of this question, to the debates which followed in the House of Commons when the Commonwealth Bill was under discussion. There are a series of statements made by the Secretary of State for the Colonies, Mr. Chamberlain, who repeated the proposal for the amalgamation of the Judicial Committee of the Privy Council with the appellate jurisdiction of

the House of Lords as one of the grounds on which he resisted certain amendments of that Bill. Apart from Mr. Chamberlain a number of other Members spoke, including Mr. Haldane, who pointed out that this proposal of the Government was one which he and others had long supported. Mr. Asquith, at page 42, also gave in his adhesion as one who looked forward "to the constitution of a real Imperial Court of Supreme Appeal, a Court "not to be forced on the Colonies against their will, but a Court of such a "character and having such attributes as would appeal to every part of "the Empire." Mr. Bryce, another distinguished authority, at page 53, echoed the hope that the Imperial Parliament would proceed with the creation of this Court. The member for Dumfries Burghs asked the Committee to consider for a moment the real importance of the Appeal to the Privy Council which he thought very desirable to retain if we could, but admitted that it ought never to be imposed on the Colonies unless they wished it. At the conclusion of his remarks he said that "the proposal "then before the House would do no harm he believed to the"—Australian—"Constitution, and certainly it contains no element of injustice or "unfairness, but if they do not think so, and continue to express what "exists to a considerable extent in Australia, a decided preference to the "form of Bill to which they all agreed in the first instance, I would express "the hope that the Government even now, after having done their best "according to their own view of their duty, will revert to the Australian "view." We were therefore encouraged to hope a good deal from the Conference which followed in 1901, at which Canada, Australia, New Zealand, South Africa, the Crown Colonies, and India were represented by nominees. But the result of their discussions—the discussions themselves, I think, have not been published—was that a majority consisting of five of the members signed an unqualified recommendation that appeals should continue to lie from the Colonies and from India to His Majesty in Council. They went on to make certain suggestions that the appointments to the Judicial Committee should be made from the Dominion of Canada, the Commonwealth, New Zealand, South Africa, and so on; the appointments should be for life or for a term of years not less than 15 years, and arrangements should be made for securing a larger attendance of Lords of Appeal at sittings of the Judicial Committee. The recommendations of the five ended there. Though these suggestions for the improvement of the Court were endorsed by two other members, Mr. Justice Emerson and Sir James Prendergast, I am not aware how far any steps have been taken to give effect to any of the recommendations at which that Conference almost unanimously arrived. I am quite in the dark as to any arrangements since made for securing a larger attendance of Lords of Appeal at sittings of the Judicial Committee. Cases have occurred—one case quite recently, of a very grave and serious character, to which I shall presently call some attention—in which the presence of a larger committee would have been extremely desirable. After the five signatories, Mr. Justice Emerson specially added that he signed subject to the proposal that had been made for the establishment of an Imperial Court of Appeal for the Empire. In the same way Sir James Prendergast on behalf of New Zealand signed subject to the establishment of a new final Court of Appeal for the whole British Dominions. Mr. Justice Hodges of Victoria, the representative of the Commonwealth, added on our behalf not only a dissenting opinion but a further request repeated at our desire for the establishment of one Court of Final Appeal. Three members of the Conference declared for an Imperial Court of Final Appeal.

That, I think, represents, as far as it is necessary to deal with it at this time, the immediate history of this proposal.

Since those events the Government, and, I think, the great majority of the Parliament and people of Australia, have not altered their attitude upon this question. They are no more contented with the present condition of appeal cases than they were in 1900 or 1901. Nor are their sentiments likely to alter after the judgment given lately in an Australian case in which two matters of vital importance came before the consideration of the Judicial Committee. The first question related to the right of hearing an appeal at all under such circumstances; the second related to the principle of interpretation to be adopted in respect to the constitution of the Commonwealth. The two taken together raised the most fundamental public issues for Australia that could well be summarised in any single case. It was heard by two Lords of Appeal, one of them the late Lord Chancellor, and two Colonial judges—a Court of four. If my memory serves me rightly, within two or three weeks of the hearing of that case a Court of exactly twice the same strength—four Lords of Appeal and four other judges—assembled to rehear a case which, so far as its financial subject-matter was concerned, affected the sum of 600*l.* in the State of New South Wales. Of course, it is impossible to suggest, even in the vaguest way, any scale of proportion by which the relative importance of cases can be judged. Great principles may possibly arise in connection with the smallest sums and slightest personal transactions. But in the one particular case, as I have said, the scope of the Commonwealth Constitution from a judicial aspect was in a measure at stake. We cannot think, and cannot for a moment admit, that under such circumstances the arrangement by which that attendance of judges was obtained was satisfactory. We are aware of the special manner in which this Court is constituted. Attention has been called to that for many years. During the Australian Convention, which resolved upon proposals restricting the Appeals to the Judicial Committee of the Privy Council, that was one of the grounds upon which a very decided view was taken. Although alterations have been made from time to time and decided improvements of late, it is evident that, even regarded in its present condition, the system adopted is by no means satisfactory to us, nor, I think, is it satisfactory to many other than Australian litigants.

The aim that we have was well expressed in course of the debate on the Commonwealth Bill, if my memory serves me, by the Right Honourable R. B. Haldane, when he said that he understood the Colonial view to be that what in the shape of a Court of Appeal was good enough for the people of Great Britain was quite good enough for the Colonies, and what was not good enough for the people of Great Britain was not good enough for Colonial litigants. That was a very pithy way of putting the case as it presents itself to us. We venture to entertain the opinion that notwithstanding the theory of its relation to the Crown, but from a purely legal point of view, the House of Lords is the tribunal to be preferred. It certainly stands higher in the estimation, at all events, of Australian lawyers than the Judicial Committee of the Privy Council, speaking of it, of course, as a Board and not under special circumstances. If the two are to be compared, having some regard, of course, to the differences in their procedure, the House of Lords is preferred in Australia. The fact that in the case of the Judicial Committee you get but one judgment has its advantages in the way of simplification, and does not promote doubts which might otherwise arise, but it leaves us absolutely unaware whether that judgment was arrived at by a majority of one or by the unanimous consent of the whole of the distinguished lawyers who form that Court. It has to be taken or left. The practice of the House of Lords, which at the sacrifice of some apparent simplicity does afford a great many lights upon every question submitted, often from a number of quite individual standpoints, leads our litigants, as

far as I know their opinion, to prefer that method of disposing of their cases. It is not so much on grounds of this character that we put forward this plea for a single Court of Appeal, but rather on the ground that what we all desire, and should desire, is the establishment of the very best Court of Final Appeal that can possibly be constituted. We believe that even the wealth of legal knowledge and experience in this country, supplemented as it might be from the Outer Empire from time to time, can scarcely be divided into two Courts without one being less effective, or, what is almost the same, obtaining less confidence than the other. Of course the fact that those members of the House of Lords who are Law Lords participate in the Judgments of the Privy Council has added the great weight which they bring. In the Judgments of the Privy Council, which are understood to have been much appreciated in the Dominion of Canada, it was generally, I believe, considered that the most prominent part in shaping them was taken by Lord Watson, a very eminent and distinguished Judge, whose services were at least equally available in the House of Lords.

Consequently, with the aim of obtaining if possible the very best Court which the Empire can furnish, and making it the strongest Court of Appeal without rival or fellow, we are attracted not merely by the symmetry of the proposal but by the fact that it would afford an assurance which we consider we do not at present enjoy, that in regard to appeals from Australia, for which alone I claim to speak, we would receive the benefit of the very best and strongest Court available. Comparing the Judicial Committee of the Privy Council, as we see it, with the House of Lords, our opinion is that of the two the latter is the more desirable Court.

The present proposal has become complicated of course by the fact that the representative Conference which assembled in 1901, although it consisted of delegates only, did, by a majority, decide in favour of the retention of the appeal to the Privy Council. I hasten to say that nothing is further from our intention in making this proposal than while both Courts remain to require those communities who prefer to appeal to the Judicial Committee of the Privy Council to be diverted to any other tribunal on our account, or for the reasons which commend themselves to us. I have, therefore, by way of supplement, to say that our desires would be satisfied if His Majesty's Government could provide, by Order in Council, or if not by Act, that it should be possible for any of the King's Dominions which intimated its desire in a formal manner to transfer its appeals, while the present system of two Courts is maintained, from the Judicial Committee of the Privy Council to the House of Lords. Under that plan those who for one reason or another are satisfied to lie within the jurisdiction of the former, would remain as at present, their appeals following the existing course; while on the other hand the Commonwealth of Australia, and any other dominion which on the whole, taking all things into consideration, prefers to have the law interpreted in the last resort by the House of Lords, would have the benefit of coming under its jurisdiction. That, I take it, would in no sense disturb either system. It would make some further demands upon the Lords of Appeal; it would increase the amount of business before them, though, I think, having regard to the lists with which they already deal, that it would not be by any means a serious increase, that is to say, sufficiently serious to render it a matter of moment. It would be a source of satisfaction to us in Australia. It would not interfere with the equally free choice of any other part of the Empire.

Although I feel some difficulty in alluding to the Judgment of the Judicial Committee of the Privy Council, to which I have already referred,

upon the appeal with relation to income tax sought to be levied by the States of Australia upon officers of the Federal Government, yet I cannot complete what I have to say in this connection without calling attention to a situation that may possibly arise in connection with that case which is not an unexpected situation, since it was clearly foreseen by the leading statesmen who took part in the debates upon the Commonwealth Bill at the time it was passing through your Parliament. As you, my Lord, are well aware—and probably our colleagues have some recollection of it—the proposal ultimately placed in our constitution limited appeal to the Privy Council, and conferred upon the High Court of Australia what we believed to be and intended to be final jurisdiction in matters relating to the interpretation of our own constitution. But, owing partly to differences of opinion between ourselves as delegates, the majority of the British Parliament, led by the Government of the day, introduced amendments in that constitution which left us in a position of some uncertainty. I do not wish to detain the Conference more than to refer very briefly to the fact that Mr. Haldane, at page 67 of this report of the Debates, was, I think, one of the very first to call attention to a remarkable situation that might possibly arise in the future. I think it may very reasonably be expected to arise either in connection with this case to which I have referred, or to any decision which follows the principles it lays down. Mr. Haldane pointed out that "the clause provides that if you have litigation in a State upon a "constitutional question, you may appeal either to the Privy Council or to "the High Court. If you appeal to the High Court, the decision is to be "final unless the High Court gives you leave to appeal to the Privy "Council. It is, in other words, a court of final jurisdiction upon this "matter." Then he continues, "As the clause makes the High Court "of Australia a court of final jurisdiction, there may well be conflicting "decisions between the High Court and the Privy Council. I do not think "that is an academic matter." The Attorney-General of the day, Sir Robert Finlay, admitting the apparent conflict, maintained that under such circumstances the High Court would necessarily as of courtesy, and from a sense of subordination, accept the ruling of the Judicial Committee; but members on his own side were doubtful, and those on the other side of the House, and an authority as eminent in such matters—that is, matters relating to a federal constitution—as Mr. Bryce, the present Ambassador to the United States, repeated the warning that the constitution as amended left these two tribunals in danger of conflict. He said—when replying to the Attorney-General—"He suggested that under the Amendment the "Committee is now discussing the High Court of the Commonwealth of "Australia will not be a court of co-ordinate jurisdiction with the Privy "Council, and that it will be bound to follow the decisions of the Privy "Council. I cannot feel by any means so clear as my right hon. and learned "friend on that point, because we are here making a special provision for a "special case." He said again: "Surely it will not only be within the "power of, but also the duty and the right of the High Court to give full "effect to that provision of the Australian constitution, and to say, 'We are "'in this particular matter made a final court of appeal. In all other "'matters we are undoubtedly a subordinate court, unless in a particular "'matter we are made a court of co-ordinate jurisdiction.' They "would say: 'The only appeal is to lie from us, where we are satisfied "'there is some special reason; we are bound to carry out the intention "'of the people of Australia and of the Imperial Parliament in not going "'beyond the express provision; they have given no appeal unless special "'reasons, in our opinion, exist.' I think, therefore, that it will be open "to the High Court in future to hold that in this matter they are a court,

"not of subordinate jurisdiction, but of co-ordinate jurisdiction. I cannot "assent to the argument that, because they are subject to appeal in other "cases, they are subject to appeal in this case also." And lower down he says: "I think it necessary to enter a protest against the view the Attorney-"General has taken on this point." I will not venture to delay the Conference by reference to the varying opinions expressed by different members. There was conflict of opinion then that pointed to the conflict in the future. Perhaps I may be pardoned if I refer to the debates in the House of Lords, in which the late Lord Davey viewed this very question. He dealt with it in a very clear and emphatic fashion. At page 101 he is reported to have said: "Clause 74"—that is the clause in question—"as it stands is a perfect "solecism in jurisprudence, and for this reason, that it creates two final "co-ordinate courts of appeal, neither of which is bound by the decision of "the other." Omitting some sentences, he goes on: "The Judicial Committee, "of course, is not bound by the decision of the High Court, nor, as "I understand, is the High Court bound to follow the decisions of the "Judicial Committee in matters of this kind. They may, therefore, each "maintain their own opinion. I know that the answer that may be made "to me is that the Australian judges are men of such high principle and "good sense that they will find some way of either agreeing with the "Judicial Committee or of allowing the matter to be finally decided. "They may; but it lies in their discretion, and unless they do so you will "have two co-ordinate Supreme Courts of Appeal from the same courts "on the same class of subjects deciding in entirely different ways. That, "I venture to think, is a solecism in jurisprudence." Finally, the late Lord Chief Justice of England (Lord Russell) at page 109 is reported to have said: "The third and last point to which I will call attention is this. While "there is no appeal according to this clause from the High Court except "by leave of that court, in the cases mentioned, there is an appeal from "the decision of the State Court to the Queen in Council, and thereupon "arises the conflict to which reference has been made—which court is to "prevail? I do not seek to dogmatise upon this matter, as to which there "are obviously, from what my noble and learned friend has said, different "opinions; but I fail to see anything in this Bill asserting directly "or indirectly, that where the decision of the Privy Council conflicts with "the decision of the High Court, the decision of the Privy Council is to "prevail. I see nothing to that effect expressed certainly, and nothing I "think to be implied. When I remind your Lordships that the clause "expressly says that the High Court shall be the final judge in the matter "unless it chooses to give leave, surely that does lay a solid and reasonable "foundation for the contention that it is thereby, as regards matters so "dealt with in the clause, created the final court, and therefore co-ordinate "with the other final court, namely, the Privy Council. It seems to me "that that is a difficulty which will very likely arise." Lower down he says: "It seems to me that the conflict is inevitable."

I am, therefore, bound to consider the possibility that when the recent Judgment of the Judicial Committee of the Privy Council comes before the High Court of Australia, as I understand it will within the next two or three months, that out of this grave decision in the Income Tax case that very conflict of opinion may arise. Such a contingency, even if only referred to by way of illustration, suggests the advantage to be derived by the acceptance, so far as Australia is concerned, of the proposal embodied in this Resolution. The anomaly to which Lord Davey called attention remains and is likely to remain a cause of serious inconvenience, perhaps of very serious loss and cost to the Commonwealth of Australia. That is, when in this

case, or some other case, some discrepancy becomes flagrant between the judgments of the two courts, which are in certain respects co-ordinate, and both of which are in terms final Courts of Appeal. Therefore, while not desiring to press for more consideration than we are entitled to on this head, I submit, first, my general resolution with the qualification that it is not in any way desired to be imposed upon any of the other Dominions who may prefer to remain subject to the existing jurisdiction. Supposing the Imperial Court of Appeal is rejected, if His Majesty's Government, for one reason or another, does not think fit to proceed with the distinct proposal made in 1900, and then apparently very generally approved, and if our request cannot be complied with because of differences among ourselves, or for other reasons, perhaps His Majesty's Government would give their attention to the suggestion of an optional appeal—not in each individual case, but for all cases from Australia. Then, if necessary, after legislation by the Commonwealth Parliament, all appeals from us might go to the House of Lords, instead of, as at present, to the Judicial Committee. I make that suggestion in order to clarify our position, and to remove all appearances of pressure on other dominions, but not to detract from our opinion that the best possible manner of meeting the situation is the acceptance, as early as may reasonably be possible, on conditions to be laid down by His Majesty's Government, of the proposal for one court for the Empire.

Finally let me refer to the protest of Mr. Justice Hodges, the very able representative of Australia in 1901. His concluding words relating to this proposition are, "Such a court"—that is one Imperial Court of Appeal for the whole Empire, sitting perhaps in two Divisions, and with certain arrangements which it is not necessary to dwell upon, "would "bring the best legal thought in the United Kingdom in touch with the "best legal thought in the Empire outside the United Kingdom. It would "be a wonderfully strong court, and command the admiration and respect, "not only of the whole British race, but of every race in the British "dominions. It would be a powerful factor in the development of a closer "union between all parts of the Empire. In the British dominions it would "obliterate in the administration of justice all distinctions between places "and persons. Just as there is one flag to protect the subject from external "assault, so there would be one court as the final arbiter of internal "disputes." That is our view. We think it is a great ideal, and one which ought to be served. We have not thought it necessary to appear to criticise the Judicial Committee of the Privy Council in its methods or manner. In "The Life of the late Mr. Henry Reeve" there is a great deal of light thrown upon the manner in which the Board was then constituted—that is the Judicial Committee—and apparently it is still open to the same vicissitudes. With that great ideal before us, we respectfully submit the resolution which I have the honour to move.

Sir WILFRID LAURIER: I would not like to speak at this moment. I see that Cape Colony has also proposed an elaborate resolution on this question, and I would like to hear what their representative has to say.

Dr. JAMESON: The resolution of the Cape Colony is more on detail matters than the very large subject brought forward by Mr. Deakin, and I would only say with regard to that general subject, we have entire sympathy with Mr. Deakin in desiring a final Imperial Court of Appeal. Of course, as to what that Imperial Court of Appeal should be, and what form it should

take, I must say, I think, from the South African point of view, we would differ from Mr. Deakin. We would rather it existed as constituted at present —the Judicial Committee of the Privy Council—than the House of Lords, and for a very obvious reason. We, in South Africa, are more or less under Roman Dutch law which, I understand, differs considerably from the English law, and there is provision for this in an appeal to the Privy Council, and we have a very able representative on that court at present, who is an acknowledged authority on Roman Dutch law, and naturally, from our point of view, we would rather the final Court of Appeal should take that form than the House of Lords where, of course, no such representative could sit.

Mr. DEAKIN: The proposal of Mr. Justice Hodges especially provided for the case of Roman Dutch law and local law.

Dr. JAMESON: That would remove my objection. I would not care which it was, but one final court appeals to us very much.

With regard to the Cape Colony Resolutions, after studying the papers with which we have been furnished on the subject, I find a good many of our suggestions have been met; in fact I may say that practically the onus is thrown upon the Colonies, and not upon the procedure of the Judicial Committee of the Privy Council, for any delay or extra expense that may occur. Still I think, perhaps, it would not do any harm that these four sub-resolutions should be passed as an indication that we are desirous of minimising delay and curtailing expense as far as possible. But since these Resolutions from Cape Colony were sent in, my colleagues from South Africa, —General Botha and Mr. Moor—and myself, have met together and have formulated some further proposals which we should like to bring before the Conference, which General Botha will propose presently. They mainly relate to our own local affairs. At the same time they also relate, if I am rightly informed, to the condition of the Appellate Courts in other States too. We, in South Africa, are very anxious to get established a final Court of Appeal in South Africa for all the various States. Of course, supposing Federation comes about, that would come naturally. We believe Federation is coming immediately, but still we feel that it would be advisable that we should prepare at once, and get established if we can, as part of that Federation and even before that Federation, a final Court of Appeal in South Africa. Our present position is we have a Supreme Court in each of the Colonies. We have other District Courts. There is an appeal from a District Court to the Supreme Court. Similar cases occur in the various Colonies, and we are faced with absolutely dissimilar decisions in the various Colonies, which naturally leads to a good deal of discontent. So we are anxious that we should have a final Court of Appeal for the whole of South Africa, but that will entail considerable expense, both to set it going and maintain it afterwards, and we feel that we would not, unless the various States are in agreement on this subject, be justified in undertaking that expenditure unless we were permitted, which I understand is the word to use, by His Majesty's Government to pass legislation in our own various Colonies, taking away the right of appeal from the Supreme Courts in each of the Colonies to the Judicial Committee of the Privy Council. I think that possibly might suit some other States also, and we should all be anxious to do it. So that our Supreme Court of Appeal would be a final Court of Appeal except that it might be put into the Statute by which it is created that on certain subjects—possibly on relations between the various States and so on—there might be permitted an Appeal to the Privy Council by permission of that Supreme Court. Those cases would be very few. So really it

would be a final Court of Appeal so far as we are concerned, except in special cases which would be laid down. At the same time, I would add that the prerogative of the King—the right of every citizen of the British Empire to appeal to the King—must be carefully safeguarded, but that would practically not be used, because I understand, supposing the right of appeal was refused in a particular case by the Appeal Court to the Privy Council, and an individual still wished to go to the Privy Council, as his right is, of course, the practical point is that if he won his case or lost it, he would still have to pay all the costs, which would be a considerable deterrent to anyone taking that extreme action.

I think I will leave General Botha to bring forward these further resolutions.

Sir JOSEPH WARD: Who do you suggest would constitute the superior court—the final Court of Appeal in South Africa?

Dr. JAMESON: Judges selected in South Africa by all the States in South Africa.

Sir JOSEPH WARD: Judges who had previously tried portions of the cases?

Dr. JAMESON: No, we would like, ultimately, when the business was large enough, to have separate judges for it, but as a tentative measure they might be selected from the various States, and if there was not enough work for the judges to do in the Appeal Court they might be the superior judges in the various States. That is a detail to be managed out there, but the idea would be that the judges of the final Appeal Court would have their time occupied as judges of that Court.

Mr. DEAKIN: With the jurisdiction you propose I do not think there would be much doubt about that.

Sir JOSEPH WARD: No, I think not.

General BOTHA: My Lords and gentlemen, I have little to add to what Dr. Jameson has said. We have a Memorandum. If the Chairman thinks it necessary, I should like to hand in this Memorandum so that the other Premiers may peruse it. There is a resolution attached to this Memorandum which we should like to support. Dr. Jameson has rightly remarked that there is a great desire in South Africa to establish a Court of Appeal, and, although we have there four Colonies, we think that we can commence Federation by establishing this Appeal Court for South Africa; specially also because this will in a great measure reduce the amount of costs, and it will be specially advantageous to the poorer classes who cannot afford to carry appeals to the Privy Council, to go to a Court of Appeal in South Africa. I will, therefore, ask leave to hand in this Memorandum, and I should like to add to that Memorandum the resolution which we, the Premiers of South Africa, have arranged to support.

CHAIRMAN: I think it would be better if you would read both.

The Memorandum and Resolution were read as follows :—

MEMORANDUM.

Question of Judicial Appeals.

There is no objection to the Resolution of Cape Colony on the question of Judicial Appeals, but it does not go far enough.

There is a general feeling throughout South Africa in favour of the establishment of a South African Court of Appeal to which appeals would lie from the decisions of the Supreme Court of each of the South African Colonies, even before a federation of these Colonies becomes an accomplished fact.

It has been urged, however, that the expense of establishing and maintaining such a court would not be justified as long as there is a right of appeal from the Supreme Court of each Colony to His Majesty in His Privy Council.

If a Court of Appeal is established it is considered most desirable that this right of appeal to the Privy Council should be taken away, so as to prevent a litigant dissatisfied with the decision of the Supreme Court of a Colony passing by the Court of Appeal and prosecuting his appeal from such decision, before the Judicial Committee of the Privy Council.

It is also desirable that when such Court of Appeal is established, its decisions should be final, excepting in certain matters in which that Court may grant leave to appeal to the Judicial Committee of the Privy Council. These matters would, of course, be prescribed in the statute establishing such a court. The right of any litigant to apply to the Judicial Committee of the Privy Council for leave to appeal to it from a decision of the South African Court of Appeal should not in any way be curtailed. The following resolution is suggested :—

(1) That when a Court of Appeal has been established for any group of Colonies geographically connected, whether federated or not, to which appeals lie from the decisions of the Supreme Courts of such Colonies, it shall be competent for the Legislature of each such Colony to abolish any existing right of appeal from its Supreme Court to the Judicial Committee of the Privy Council.

(2) That the decisions of such Court of Appeal shall be final but leave to appeal from such decisions may be granted by the said Court in certain cases prescribed by the Statute under which it is established.

(3) That the right of any person to apply to the Judicial Committee of the Privy Council for leave to appeal to it from the decision of such Appeal Court shall not be curtailed.

CHAIRMAN : Do you wish to add anything, Mr. Moor ?

Mr. F. R. MOOR : No, my Lord, I have nothing to say. We have considered it together.

Sir WILFRID LAURIER : My Lord and Gentlemen, I have listened with great care and attention to the view presented by Mr. Deakin in support of the resolution which the Commonwealth of Australia have laid before the Conference. But if I understood him aright his argument was rather an indictment of the Constitution which was finally passed by the British Parliament for the Commonwealth of Australia in this : that that provided for two appeals from the decision of its own courts. As he has presented

the matter to us, the duality of appeal must necessarily lead to some confusion, and so far as it goes it seems to me his argument cannot be successfully met, and nobody now would be interested in opposing it. The British Parliament no doubt can remedy the evil since they are the paramount power, but perhaps they would have some hesitation in interfering and making what would practically be an amendment of the constitution of a federal country.

Mr. DEAKIN : That we have not asked for.

Sir WILFRID LAURIER : No, and I believe the British Parliament would hesitate also to do it until they had heard from the different states which composed the Federation.

Mr. DEAKIN : Even in that case we should not ask for any intervention.

Sir WILFRID LAURIER : As I construe it the resolution which you have presented, "that it is desirable to establish an Imperial Court of Appeal," would be practically an amendment of the Constitution of Australia.

Mr. DEAKIN : No.

Sir WILFRID LAURIER : Yes, since there are two appeals granted, if you destroy one I take it to be an amendment of the Constitution.

With regard to the question of a Court of Appeal in South Africa, so far as it concerns the Conference I do not know that serious objection can be taken to that. If the three Colonies or dependencies in South Africa are agreeable to have a Court of Appeal for themselves, nobody else can take exception to it. It seems to me to lead in the direction of immediate federation. If they have a Court of Appeal for themselves, this leads to the ultimate and proximate creation of a federation for all purposes. This would certainly be in the best interest of themselves and the Empire.

So far as Canada has any concern we have an appeal to the Judicial Committee of the Privy Council, and it has, as a general rule, given very great satisfaction. I do not know that all its decisions have been accepted. There are few courts which have not their decisions criticised within twenty-four hours, but as a rule the decisions of the Privy Council so far as concerns Canada have been eminently satisfactory. At the same time everybody must recognise that the constitution of the Court is not, perhaps, quite in accordance with the modern age and tendencies. The point made out by Mr. Deakin, that the constitution of the Court may be one day four and the next day eight is certainly a point well taken, and is liable to create dissatisfaction, and, perhaps more than dissatisfaction, serious complications. It seems to me that the Judicial Committee of the Privy Council should be remodelled if it is to be maintained. I may say that in my country the views of the people are not all in accord as to the retention of that appeal. Some jurists have maintained that any country ought to be able to interpret its own laws, that is to say, the Parliament which creates the laws should be the Parliament to create the tribunal to interpret those laws. There is a great deal of force undoubtedly in that view. On the other hand there are some jurists of equal eminence who believe that taking us as we are at the present time a part of the British Empire, in which so many questions of Imperial interests must necessarily arise even in the lowest courts, it would be a good feature to retain the present appeal to the Judicial Committee of the Privy Council. The present Minister of Justice, as able a man as we have ever had in Canada, is of this opinion

to-day, though some of his predecessors, and, I believe, his predecessor in 1901, held a different view. But there is a serious question, a serious conflict of opinion when you come to the question of the jurisdiction of this Court. Under the Canadian Constitution the administration of justice does not belong to the central government but to the Provincial governments. So that we have only one court in our country of a federal character, that is the Supreme Court, which is a Court of Appeal for the Provinces. But the provinces themselves have retained their jurisdiction and kept the liberty of going to the Privy Council, so that practically whilst the Dominion of Canada is represented at this Conference, the provinces of the dominion, in so far as they have retained for themselves the administration of justice, are not here represented, and it would be a delicate matter to pass finally without consulting them a question of so much importance. The question of jurisdiction will always be, so far as this Court is concerned, the one great difficulty. I am sure that the Imperial Government have no desire to impose their views as to what should be the jurisdiction. This should be left to the provinces themselves to determine. The Judicial Committee of the Privy Council have always decided—and it is a matter of common every day occurrence—that the King has retained his prerogative of allowing anyone who chooses to take an appeal before the Judicial Committee of the Privy Council. That appeal, which is an appeal of favour, has perhaps passed the day of its utility, and if I have any opinion to proffer upon this question it would be that all matters of jurisdiction should be relegated altogether to the parties interested—the provinces or the Parliaments—to determine whether and why there should be an appeal or not.

On the whole, we have two resolutions presented to us, one by Mr. Deakin for the Commonwealth of Australia, and one by Cape Colony. I prefer for my part the resolution of Cape Colony. A further draft has been submitted to us which is based upon the resolution of the Cape Colony, and I would be disposed to accept it with the suggestion that one or two words should be eliminated. In the first paragraph the resolution runs as follows: "This "Conference, recognising the importance to all parts of the Empire of the "maintenance of the Appellate jurisdiction of His Majesty the King in "Council desires to place upon record its opinion." I would eliminate the word maintenance. I do not object to the words "appellate jurisdiction," because I rather favour it, but in view of the conflict of opinion which exists in my country I would prefer those words out; they would not alter the sense very materially, but it would not be such an absolute pronouncement upon the matter.

Mr. DEAKIN: Might I simply explain to Sir Wilfrid Laurier that I have no intention, either directly or by implication, of suggesting any legislation to the Imperial Parliament which could affect the present existing Commonwealth constitution. Nothing was further from my thoughts. From a desire for brevity I omitted to explain, as perhaps I ought to have done, that this co-ordinate jurisdiction of our High Court is only on a particular class of cases which may come before it. We have powers under the Commonwealth constitution to restrict appeals to the Privy Council from the Supreme Courts of the States, which we have not exercised, and next, subject to the consent of His Majesty, to still further restrict appeals to him. Neither of those powers has yet been exercised, and the consequence is, I think I should be safe in saying, that nineteen-twentieths of our cases are still open to appeal to the Judicial Committee of the Privy Council. Consequently, quite apart from the other issue I have raised, we have a great interest, having such a large area of appeals to the Privy Council, in asking that the Imperial Court of Appeal, which we assume would be a body of still higher standing and repute, should deal with these appeals, quite apart

from the particular class of constitutional questions referred to. It is to our interest to have a single Imperial court instead of the Privy Council. If we cannot obtain it, and must make a choice between the two existing courts, we prefer the House of Lords. In any case we advocate an Imperial Court of Appeal, because we still believe that appeals from Australia are not likely to be much reduced for some time to come. If we wanted any amendment of the constitution we should provide for that ourselves according to the constitution and in no other way.

Sir WILFRID LAURIER: I thought your argument was that you had two Courts of Appeal in Australia at the present time.

Mr. DEAKIN: On one class of case.

Sir WILFRID LAURIER: The object you had in view was to suppress one of them and provide only for one, if I understood your argument aright.

Mr. DEAKIN: In constitutional cases an appeal is still allowed by consent of our High Court, which may refer them on to the Privy Council. If we had an Imperial Court of Appeal instead of the Privy Council it is quite certain that those references would be more encouraged than they are at present. Then, again, public opinion could be better satisfied than it is now in Australia. For both those reasons and others we think the establishment of an Imperial Court of Appeal is very desirable.

Sir JOSEPH WARD: My Lords and Gentlemen, New Zealand is in a slightly different position upon the point referred to by Mr. Deakin. We have no federal High Court. Our position is a very clear and defined one. Our Supreme Court, which sits as a Court of Appeal twice a year at the seat of Government, so far as we are concerned is quite satisfactory. But New Zealand is in favour of an ultimate Court of Appeal in the United Kingdom, whether it be the Privy Council as at present constituted or an Imperial Court of Appeal, as suggested by the Commonwealth resolution. That is why I asked Dr. Jameson what he proposed to set up to take the place of it, and I understood him to say an ultimate Court of Appeal.

Dr. JAMESON: An ultimate Court of Appeal for South Africa only.

Sir JOSEPH WARD: I agree in that. You still believe in appealing?

Dr. JAMESON: Absolutely.

Sir JOSEPH WARD: There is only one point I want to refer in connection with this, and I do so on information furnished to me from legal authorities in my own country, as I am speaking entirely as a layman. I take the opportunity of mentioning it in the hope that possibly the Home Government might in future be able to see their way to meet an opinion which has been expressed by legal gentlemen in my own country. I am informed one great defect in the Privy Council, as at present constituted, is that though in the case, say of New Zealand, they are deciding according to New Zealand law, yet they have before them only such portion of that law as is presented by counsel. Now in recent times particularly we have been sending counsel

over from New Zealand specially to call attention to the New Zealand side of the law. I am informed that when the argument is over, their Lordships may apply some rule of English law which has been revoked in New Zealand or omit to apply some rule of New Zealand law which does not exist in England, and which they at the moment have not specially brought under their knowledge. I am told that has actually occurred, and the results, when it has occurred, has been to the people who are the litigants in our country very unsatisfactory. What has been suggested from a New Zealand standpoint to prevent that is that in the case of every appeal from a colony, a judge of the Supreme Court of that Colony should sit with their Lordships, but without taking part in the arguments or decision, his function being to supply full information as to the Colonial law and the points of difference between it and the English law. I may say that in most cases the number of judges in the colonies is such that one can be always on leave, and if he spent his leave in England, or in touch with England, he would be available. My country is strongly favourable to the admission of Supreme Court judges to the Privy Council. But distant as we are and where we are with vast interests involved at times, we want to be quite sure that the state of New Zealand law is fully before their Lordships who are dealing with the cases. That is the most practical suggestion from our point of view, whether it is feasible or not is for those responsible here to see—but I put it forward with all respect and urge it from the standpoint of the practical working of the administration of a country which, from time to time, must have numbers of cases referred to the Privy Council for judgment. If that could be done, so far as New Zealand is concerned I think I am right in saying that the whole system of administration would give very general satisfaction in our country.

I may also suggest, that as there have been suggestions made by the various Colonies, perhaps the simpler course would be for the Home Authorities to prepare a Draft Order in Council consolidating the existing state of things with such alterations and simplifications as they deem reasonable, and forward the draft to the respective Governments to confer thereon, *inter se*, and make a common report as to alterations desired or recommended, in this way there would result an Order in Council containing the general rules common to all appeals, and special rules dealing with appeals from specified Colonies in cases where special rules are necessary.

I may say the main suggestions for the purpose of avoiding delay and reducing expense put forward by the Cape Colony commend themselves to me, and I should be only too glad to give them my support. I do not know the circumstances Sir Wilfrid Laurier refers to in Canada. The disabilities under Mr. Deakin's resolution, as applicable to Canada, do not apply to New Zealand. As long as it is understood we have the Court of Appeal in the United Kingdom—the Privy Council as at present constituted, or the one suggested by Mr. Deakin—I am perfectly satisfied on behalf of New Zealand.

Sir ROBERT BOND: Lord Elgin and Gentlemen, in the Colony that I have the honour to represent we have the right of appeal to the Privy Council, and so far as I am aware that is entirely satisfactory. In 1904, I think, a despatch was sent out from your Department asking for an expression of opinion in reference to an amendment of the rules which govern Privy Council practice. At that time I submitted the contents of the despatch to the Judges of the Supreme Court, from whom I received an intimation to the effect that generally the delay and expense in prosecuting these appeals are the principal causes of complaint, and those which, in their opinion, mostly require remedy. In the first place, with regard to delay, they pointed out that while it was perfectly correct that the Privy Council has no control

over the proceedings until the record is lodged, they submitted that the three months now limited between the time of the filing of the Petition for leave to appeal, and the perfecting of the bond obtaining leave is too long, and they suggested two months from the date of the Colonial Judgment should be the time fixed. As regards the expense, their Lordships were of opinion that the costs of appeal are much too high, especially the fees paid in the Privy Council Office.

These were the only two matters that they thought called for their comment, and I only feel justified in putting forward their views on the matter.

The LORD CHANCELLOR : My Lords and Gentlemen, I will endeavour to speak to the different points that have been raised in this very interesting and instructive discussion. I think the first thing that must occur to all of us is the diversity of interests that have to be considered and the diversity of conditions that obtain in the different parts of His Majesty's dominions. My view is, and I think we shall all agree in it, that in those circumstances all that can be done is to recognise and act unreservedly, upon the principle of autonomy, that each integral unit of His Majesty's dominions should govern itself in the matter of appeals; that one should not necessarily be the same as any other, but each should govern itself. I can say this, that as far as His Majesty's Government is concerned, we most cordially fall in with that and will do all we fairly can for the purpose of furthering the views of all concerned.

May I say a word with reference to what Mr. Deakin said as to the anomalous position—what Lord Davey called a solecism in law—created by the fact that in a limited class of cases in Australia there may be two courts, each of them by the constitution final in a particular case that they determine, which need not necessarily come to the same conclusion. Of course that is a solecism in law. I am not sure exactly how it arose, but I have some recollection in the House of Commons of the debate and it seems I took part in it, as Mr. Deakin was good enough to quote me, and I seem to have said that it would have been, perhaps, better to leave the constitution of Australia as the Australians had sent it over the water, a sentiment in which I probably keep true to my past views and my present views. But that was not the view adopted. However, this I say, that when Mr. Chamberlain suggested—and, of course, it was accepted by Australia or it never would have been in the Act—that the Australians should accept this view, I am sure he did it in the very best interest, as he believed, of the friendly and close connection between the two countries. I am sure his object was a good one. If anything has gone wrong in regard to that, which I should be very sorry to think, the Australian Parliament has the power under their constitution to alter it themselves if they think fit. I can only say in regard to it, that upon the ground of sentiment I like to sit as an Australian Judge on the Privy Council, and I hope I may not be deprived of the privilege.

In regard to the other points referred to by Mr. Deakin as to the Privy Council, it is quite true that in Mr. Reeve's book, and also in the Greville Memoirs, if I remember rightly, there are references to the ways in which the Courts were made up, which were not satisfactory. The English courts were not altogether satisfactory at that time either. I think we have all made progress generally. We attend to these things a little more closely and better than we did.

Let me say what is the constitution of the Privy Council and the House of Lords respectively. They consist of the same persons, who sit in different places, with this difference that all the persons who can sit in the House

of Lords judicially are entitled to sit in the Privy Council and do sit there; but in the Privy Council, having regard to the fact of past opinions expressed by Colonial Ministers, and to a general feeling that we want, so to speak, to enlarge the scope as much as we can, there are other additional members who are not members of the House of Lords. There are two members of the Privy Council who may be specially appointed, and receive a salary. There are two also who may be appointed without receiving any salary, and without any specific qualification. There are two such persons, distinguished men both of them. In addition to that there is the Act under which five gentlemen may be appointed, and five have been appointed, including Sir Henri Taschereau, Sir Henry De Villiers, Chief Justice Way, and two other distinguished men. I will say a word about that Statute in a moment. Besides that, all those who have held high judicial office, the conditions of which are prescribed, in any part of His Majesty's dominions, if members of the Privy Council, may sit on the Judicial Committee. Therefore it is what may be called in its composition a somewhat cosmopolitan court. My friend the Lord President of the Council delegates to me this part of his duty, namely the summoning of the Privy Councillors for the purpose of hearing these appeals; and I can only say—and you will credit it—that not only myself but all my predecessors (and I am certain it will be the same of my successors, whoever they are) have been most anxious to provide as strong a court, and as good a court as can be made for the hearing of Colonial appeals, not only appeals from the self-governing states of the British Dominions, but of the Crown Colonies. I hope we are anxious, and always shall be to have as good a court to hear a Fiji appeal, as to hear an appeal from the Dominion of Canada. We are in this difficulty, that we have to man two courts, and I am afraid it is not easy to alter that. We can do it without overwork, and it would be very undesirable that we should have overwork. I think we have full work, and overwork would be very undesirable considering the character of the tribunals of the House of Lords and the Privy Council, and the gravity of the cases which often come to them. What we do is we divide quite impartially, and I can assure Mr. Deakin that in the House of Lords the English appeals are not favoured at the expense of the Australian appeals—not knowingly or consciously favoured. We try to make the best Courts we can. Let me refer to the case which Mr. Deakin referred to. I was not sitting on that case myself, but there were four judges—Lord Halsbury, whom we all recognise in this country to be one of the greatest judges we have ever had, a very great judge, Lord Macnaghten, Sir Arthur Wilson, and Sir Alfred Wills. It would be unbecoming in me to pass panegyrics upon my colleagues and friends, but I should feel myself very uncomfortable if I differed from them on a point of law.

Then there was the case of the eight judges. That was, I think, the only time we have sat with eight for many years, but we did sit as eight because we first sat as four, and I was one of them. The case raised a point which was considered one of very great difficulty, and there was a difference or a sense of extreme difficulty in the case although the sum was not large.

Mr. DEAKIN: It was a New South Wales case affecting, I think, the State land laws.

The LORD CHANCELLOR: Yes, and we got it re-heard by eight judges, because it was found to be so difficult a case. We said, "No, we "will not settle it ourselves but get four more judges." We got Lord Halsbury and the whole of the four Law Lords and myself. It was a re-hearing with eight, and then we came to our conclusion which was I hope a right conclusion.

I will say a word about the arrangement for Colonial judges sitting, in a moment, and simply say this to Mr. Deakin that I like, and I am sure we all like, free and open criticism, and that we are all the better for it, I have not the least doubt. Really, if he will believe it, taking appeals to the House of Lords instead of the Privy Council would be a great disarrangement of our system, and would really mean coming before the same people in another place, and you would not have the advantage, which I should like to have (without an Act of Parliament altering the whole thing) of the presence of an Australian judge: you would not have the advantage of some of the very distinguished men like Sir Arthur Wilson, who are ornaments to any court. You would limit the number of judges from whom the selection could be made to hear your cases. But I hope this will satisfy Mr. Deakin. I can assure him not merely that we have taken every pains that we can, but that we will do our level best to give his cases, as all the other cases, strong and adequate courts just as good as we shall be able to give our own people. Remember this as regards number; I know in some countries—in France where they have a great genius for jurisprudence, and they may be right—in some of the Courts of Appeal they have a great number of judges. In England the custom has been all through our history to limit the number. We think that five is quite large enough—understand in saying "we" I speak for everybody—and is by many of us regarded as quite as many as you ought to have in a court. Seven have sat sometimes, but, as a rule, we think that is too great a number, but if it is a very special case we would have seven or eight, just as in the case I referred to just now. The genius of our jurisprudence is to pick your best men; to see you have first-rate men, and not to have too many. Perhaps that is wrong; but that has always been the custom, and you will find that the greatest decisions in the history of England, which have made history, so to speak, have been decisions given by quite a limited number of judges—but they have been of the very best. We will try to do our best in that respect.

Let me now come to what Mr. Deakin said with regard to the limitations of appeal. In 1900, Mr. Chamberlain went the length of stating in Parliament that he had contemplated the creation of one court, the House of Lords being fused with the Privy Council into one great court. I think it was found there was very great difficulty in carrying out that project. If you think of it intrinsically there is a great difficulty in it. Let me take it by stages. When we speak of an Imperial Court of Appeal we do not always make it quite clear what we have in our minds. In the first place, there is a suggestion, such as is made by Sir Joseph Ward, namely, that one or more of the judges from New Zealand, or from any other part of the British Dominions, should come and sit in the Court of Appeal on the hearing of a New Zealand case or in a case from their own country. I unreservedly agree to Sir Joseph Ward's proposal. I have had experience myself. I remember an Australian case relating to sheep, about great tracts of land and the mortgaging of it, and so forth, and when I was arguing this case before the Privy Council I was stopped by Chief Justice Way who happened to be present, who put in a piece of local knowledge which I am afraid exploded my contention about sheep farming and sheep management—knowledge which we did not possess. That is only an illustration. It is also true that there may be points of law, even though the law in New Zealand be the same as our own law, in which we should be much the better for having assistance, and very glad to have assistance. I do not think any matters of importance in regard to law are left out by Counsel, and we find it out for ourselves too. I unreservedly agree, and heartily think it would be a good thing if each of the different parts of the British Dominions, each for the hearing of their own cases, could send to us one of their distinguished judges, and I need not add it would be a great pleasure and honour to receive him amongst us.

Then you come to the next stage, whether there ought not to be a court on which not merely representatives of the particular part of the world from which the appeal came were sitting, but whether you ought to have the Privy Council of itself, consisting normally and ordinarily for all purposes of the representatives of all, or a good many, of the different parts of the British Empire. You must remember that that concerns not only the self-governing Colonies, but the Crown Colonies from which a good many appeals come, and India from which a great many of the appeals come. Of course it is a difficulty, though it is not an insurmountable difficulty, but it would make a very large court. No one would say that every place should be represented at all times, but it would mean a very considerable number of judges sitting. Still, if Australia, for example, or any other part of the British Empire, desire that their cases should be heard, not merely by the judges of the United Kingdom with the assistance of their own, but also by judges from other parts of the British Dominions, the Cape, Canada, India, and the Crown Colonies, and those countries are willing to send us the judges, we can have no objection. It seems to me to be a part of the autonomy of Australia or Canada, for example, that if they wish it done, they are the persons to decide whether it should be done. It is part of what, in the familiar language of this Constitution, is called the order and good government of the Colony.

Then comes the still further stage, the third stage, and that is the fusion of the House of Lords into the Privy Council. It is a mere question of jurisdiction, because the persons are the same substantially, with the addition of larger numbers in the Privy Council. That is a proposal the effect of which would be to alter the tribunal to which English, Scotch and Irish appeals have always gone—English appeals from time immemorial, and Scotch appeals since the Union in 1707, and Irish appeals since 1800. In the same way as the question of constituting a different tribunal for Australia could not be done without deliberation in Australia, so this could not be done here without being fully considered in the United Kingdom which it affects.

This last stage directly affects the United Kingdom—whether they will alter the tribunal to which they have been accustomed. I must say it has hardly been discussed in the United Kingdom. We have been very busy about many other things as you may suppose. It has never been really discussed. It was brought forward by Mr. Chamberlain in April, 1900, and I think a few speeches and observations were made about it, but it has never been brought up since. I do not think it has been ventilated in the Press beyond the idea, or what I would rather call, if I may, the aspiration that there should be community of judicial authority over the whole British Empire. The aspiration I think is felt, but it has never been thought out, discussed, or threshed out. Therefore, I cannot help thinking myself that it would be a pity to make an affirmation in such general terms as are contained in the Australian proposal because I think it is premature as far as the practical consideration of it in the United Kingdom is concerned. But I also feel thus: It is apparent that there is a sense in Australia that they are not altogether at ease in regard to Privy Council Appeals. I am sure the Privy Council is in regard to Australian cases an Australian Court, and what we ought to do is to try and satisfy the people in Australia not only that justice is done, but that every effort is made to do it, and as cheaply as possible.

Before I turn to the other matter which I am afraid I must trouble you with, may I say a word in regard to what was said about delay? No complaint has been made, I think, but what really has happened is this: Since I have become Lord Chancellor—and I only take that as the time because I know about it—beginning in 1906, 16 months ago, we put down

appeals as soon as they are ready, and whenever there is a sufficient number of them we sit and try them, perhaps five successive lists in the course of a year. We had a list which we heard in February and March 1906. All that were ready were put down, and we heard and disposed of them all before we separated. We put down a second list in March and April. We finished every one of the cases. All those had become due since the beginning of March. In May we had another list, and we finished all the cases; and we also had a supplementary list of those cases which had become ready while we were sitting in the month of May. They were set down for hearing after the list of the May sittings had been closed, and one of them I think was heard. In June and July we proceeded with all the cases that were then ready, and heard them all except one Indian Appeal which stood over by order for a particular reason, and another Indian Appeal which stood over at the request of both sides. There were two Maritime Appeals which stood over by order with the consent of the parties, owing to special circumstances. We also heard one additional appeal which had been entered after we began sitting. In October to December we resumed our list, and finished all the cases except one appeal from British Guiana which stood over at the request of the parties. In addition to that, we heard three supplementary appeals which had been entered after we began sitting. In January and February of this year we sat and heard all the appeals, and we also in March heard four additional appeals which had been entered while we were sitting. The Privy Council is now sitting, and I expect that in the course of ten days or so we shall finish off every case that was ready when we began to sit, which was eight, or nine, or ten days ago. I do not think you will find any record of the way in which business is done which will beat us in regard to that. As regards the point of delay, I must say I think there is a good deal to be said for leaving it, as has been suggested in some of these different communications, to the Colonial Courts themselves to regulate all the procedures, and the time, and so forth until the case is brought and presented to the Privy Council. After that we shall be able to deal with it and dispose of it with the rapidity to which I have referred.

May I turn to the next resolutions, to which Dr. Jameson alluded, and which I think he said are to a considerable extent satisfied by what has been said. Perhaps I may go through them: "This Conference, recognising the "importance to all parts of the Empire of the maintenance of the Appellate "Jurisdiction of His Majesty the King in Council, desires to place upon "record its opinion:—'(1) That in the interests of His Majesty's subjects "'beyond the seas it is expedient that the practice and procedure of the "'Right Honourable the Lords of the Judicial Committee of the Privy "'Council be definitely laid down in the form of a code of rules and "'regulations.'" The first point is that the practice and procedure should be definitely laid down in the form of a code of rules and regulations. That I think is a very good idea, and we think it is quite right, and we will consolidate and amend so as to conform as nearly as can be to modern circumstances and requirements, and with a view to facilitating and expediting the hearing of appeals. I am sure Dr. Jameson will remember that our difficulty is of a practical kind. When we consolidate and amend, if we are to send to every part of His Majesty's Dominions, that is an enormous thing to do. Answers come back perhaps not all agreeing, and then ensues correspondence. It is a herculean task, and takes a great time. But we will try to do it, treating it really as consolidation, and taking upon ourselves the responsibility. Really, after all, practice and procedure, while important, does not raise vital matters of principle, and if you will leave it to us we will send round to the different Colonies.

Dr. JAMESON: You might put in the words "as far as possible."

The LORD CHANCELLOR: It is a matter of business detail, we will try to meet you with regard to it, and I think we shall satisfy you.

The second Resolution is: "That in the codification of the rules, regard "should be had to the necessity for the removal of anachronisms and "anomalies, the possibility of the curtailment of expense, and the desirability "of the establishment of courses of proceedure which would minimise "delays." The second is of course involved in the first. The third is: "That "with a view to the extension of uniform rights of appeal to all Colonial "subjects of His Majesty, the various Orders in Council, Instructions to "Governors, Charters of Justice, Ordinances, and Proclamations upon the "subject of the Appellate Jurisdiction of the Sovereign should be taken into "consideration for the purpose of determining the desirability of equalising "the conditions which gave right of appeal to His Majesty." In every Order in Council there are some provisions which are common to every set of circumstances; but the principal variations are dependent upon the diversity of the different countries that have to be dealt with. For instance, the principal variations relate to the sum of money which is to warrant an appeal. Now that varies between 300*l.* and 2,000*l.* It is a matter upon which each country may have different views; but whatever a country thinks there will be no difficulty whatever in giving effect to it. I doubt myself whether, in a matter of that kind, it is desirable even to press for uniformity. Perhaps uniformity in things of that kind might not be advisable.

Dr. JAMESON: The idea was that all the Premiers being together they might effect some general agreement.

The LORD CHANCELLOR: It is a luxury to us to have uniformity. We should be the last people to object; but, if the Prime Ministers, being here, should come to any arrangement about that so much the better. The same in regard to the limit of time for appealing as of right, and the lodgment of security for costs. If Dr. Jameson were to say: "So far as may be agreed upon by different parts of His Majesty's dominions" we should not make any difficulty.

Dr. JAMESON: I quite understood that. The Premiers being here, the subject might be raised, and our idea was that the Imperial Government might undertake to correspond with the various States with a view to getting uniformity.

The LORD CHANCELLOR: I must not take upon myself Lord Elgin's functions, and no doubt he will help in anything of that kind. I am only speaking from the actual point of view of the Privy Council.

As regards the last Resolution it says: "That much uncertainty, expense "and delay would be avoided if some portion of His Majesty's prerogative to "grant special leave to appeal in cases where there exists no right of appeal "were, under definite rules and restrictions, delegated to the discretion of "the local courts." I think that is quite right. It is so in India. It is regulated by codes of civil procedure, and it can be regulated by your own Parliament. You may pass in the Cape, if you like, an Act of Parliament; or it may be done and has been done by Orders in Council. If you should prefer it should be done by Orders in Council it would be perfectly easy to do it.

Sir WILFRID LAURIER: "That much uncertainty, expense, and "delay would be avoided if some portion of His Majesty's prerogative to

" grant special leave to appeal in cases where there exists no right of appeal " were, under definite rules and restrictions, delegated to the discretion of " the local courts." I would rather see that done by the central authority than by the judicial authority.

The LORD CHANCELLOR: I think what it means is that leave to appeal in a particular case—not the general rule laying down when there should be leave to appeal—should be put in the power of the local courts to give, instead of litigants being obliged to come and apply to the Privy Council for leave.

Sir WILFRID LAURIER: That could be done without legislative authority. I know in my Province, when I was a young member, an interesting discussion took place on this point.

The LORD CHANCELLOR: You would have to do it by Act of Parliament. It is in the case of the Crown Colonies that we do it by Order in Council.

Sir WILFRID LAURIER: Yes, and a great many members favour the absolute abolition of the prerogative of the Crown to hear any complaints from any subject all over the world. It was conceded that Canada under our Act could take away that prerogative, but the opinion prevailed at that time that the right should not be interfered with. Whilst in some cases we have restricted the number of appeals, no man can take away the right of appeal to the Privy Council. If a case involves over 2,000 dollars, he can come as of right to the Privy Council; but, as a matter of fact, he can come to the Crown and ask for leave to appeal. I would prefer to leave this.

Dr. JAMESON: This is made to a great extent unnecessary by the further Resolution which we have brought in in concert to-day, where we say what we want is to have power to legislate, and then, when we form a special court of appeal, that there shall be only certain things which shall be capable of being the subject of appeal to the Privy Council, and power to grant that leave shall be left in the hands of the final court.

Sir WILFRID LAURIER: I would rather say it should be in the hands of Parliament.

Dr. JAMESON: It would be Parliament really, because Parliament would legislate as to that point.

Sir WILFRID LAURIER: It would satisfy me if you were to say: " That much uncertainty, expense and delay would be avoided if some " portion of His Majesty's prerogative to grant special leave to appeal in " cases where there exists no right of appeal were, under definite rules and " restrictions " leaving the rest out.

Dr. JAMESON: I am quite willing to do that. Our fourth Resolution practically puts it in the hands of the local courts.

The LORD CHANCELLOR: I misapprehended the point Sir Wilfrid was taking. It is obvious the Privy Council cannot make laws to govern

the self-governing Colonies in any way. I was speaking of it, as I have been speaking of it throughout, not merely in relation to the self-governing Colonies, but to the whole British Empire, because the Privy Council has jurisdiction everywhere.

Mr. DEAKIN: Except in the United Kingdom.

The LORD CHANCELLOR: Yes, it has jurisdiction there too, in respect of patents. What I meant was you could do it in the Legislatures yourselves as you please, and it is for the Legislatures to pass your own laws, and for the local courts to carry out the laws the Legislatures pass. It is possible to do it by ordinance in the Colony, or Order in Council here in the case of Crown Colonies.

May I turn now to the other supplementary points Dr. Jameson has given us. I think his general object is the establishment of a final Court of Appeal in South Africa, with certain restrictions upon the right of appeal from South Africa to the Privy Council, which is obviously a matter for the South African Colonies to determine for themselves. If they pass their own Act they can set up their own Court of Appeal in South Africa, unless they like to invoke the machinery of the Imperial Parliament by asking the Imperial Parliament to do it. I do not know whether they would or not.

Dr. JAMESON: I understand the Imperial Parliament might use its machinery supposing we pass such legislation at the present moment as would deprive our own State even of the right of appeal to the Privy Council.

Sir WILFRID LAURIER: As I understand, you want to have a Court of Appeal for the three Colonies—the Transvaal, the Cape, and Natal. In a case which would affect you in Natal you want to have a Court of Appeal for these three parts?

Mr. DEAKIN: And the Orange River Colony.

Dr. JAMESON: We want it for all, but, to justify us in doing that, we must take away their right of appeal from the present Supreme Court direct to the Privy Council.

Sir WILFRID LAURIER: You must have legislation of the Imperial Parliament for that.

Dr. JAMESON: Yes, that is what I am asking. We want their approval, at all events.

The LORD CHANCELLOR: It really comes to this: You would set up your own court for all the self-governing Colonies in South Africa—and probably the Orange River Colony will have a constitution in the course of a few weeks—a South African court in South Africa. That would be your work. If you wanted the auxiliary help of the Imperial Parliament for other purposes, it may be constitutional and the most convenient way of doing it. I, for my part, greatly hope that, however the functions of the Privy Council may be restricted, the connection will not be severed between the Privy Council and the courts either in South Africa or elsewhere. But every self-governing portion of His Majesty's Dominions has its own right to regulate its own affairs, and do as it thinks fit in regard to that.

Dr. JAMESON : The point I wanted to know about is this question of our depriving ourselves of the right of appeal to the Privy Council. Do I understand we could only do that by Imperial legislation or an Imperial Order in Council ?

The LORD CHANCELLOR : You could not do it by Imperial Order in Council because it would be interfering with your own affairs. By the Imperial Parliament it could be done if the Colony asked that it should be done—and it would be done. It is rather a novel point. My present impression—and I am sure you will not tie me to it if I am wrong—is that the Parliament of a self-governing Colony with the Royal Assent could regulate that as well as anything else.

Mr. DEAKIN : Is not there power by Order in Council to restrict the conditions of appeal ?

The LORD CHANCELLOR : When the constitution is set up the King has no power whatever to interfere with, or derogate from it.

Mr. DEAKIN : Surely he rules in his own court ?

The LORD CHANCELLOR : Yes, the King might be advised to say by Order in Council that he would not undertake such and such an appeal. After all, we are now getting upon constitutional methods of carrying it out. The machinery is not so important, after all, as the object. May I suggest to Dr. Jameson that if he reads these three resolutions closely, he will find they are not quite consistent, because if in No. 3 you keep the right of any person to apply to the Judicial Committee of the Privy Council for leave to appeal to it from the decision of such Appeal Court, and you say that is not to be curtailed, it is inconsistent with abolishing the appeal in particular cases.

Dr. JAMESON : No, this is abolishing the appeal from the present Supreme Courts of the various States of South Africa direct to the Privy Council, because this would be constantly going on, and our new Court of Appeal might have nothing to do. We want to abolish that, and, as far as South Africa is concerned, we want this new Appeal Court to be the final Appeal Court, except in stated cases to be mentioned in the Statute creating the court. Then we say we know the prerogative of every British subject is the right of final appeal to the King, and we want that safeguarded, so that, outside of that, any subject could come to the Privy Council, but he has then to ask for leave to appear before the Privy Council. What we want out there is that any case must go to the Appeal Court in South Africa before it can go to the Privy Council.

The LORD CHANCELLOR : I think I see your point. Then there are General Botha's resolutions, the substance of them having been explained by Dr. Jameson. I think Sir Wilfrid Laurier merely suggested an amendment to one of the Cape resolutions : " This Conference recognising the importance " to all parts of the Empire of the maintenance of the Appellate jurisdiction."

Dr. JAMESON : I am willing to take the words out. If they had never been in I should not mind, but taking out something looks like weakening the idea.

CHAIRMAN: Then we take out those words.

The LORD CHANCELLOR: That ends all I have to say, except that there was a reference to the fee of the Privy Council Office. The fees ordinarily chargeable to a successful appellant and respondent are about 15*l.* and 13*l.* respectively, and to an unsuccessful appellant and respondent 4*l.* and 3*l.* respectively. It has not been suggested before that the fees are too high. We have not received any suggestion of that kind. We will look into it. The suggestion came from Newfoundland.

Sir ROBERT BOND: I was putting forward the views that were expressed by the Justices of the Supreme Court of Newfoundland.

The LORD CHANCELLOR: I think that is all I need say, except this: that the Privy Council is very conscious of its responsibilities, I can assure you, and is proud of being able to sit as His Majesty's Court for the different parts of His Majesty's Dominions.

Mr. DEAKIN: Do I understand you to take exception to the resolution of which the Commonwealth has given notice, that it is desirable to establish an Imperial Court of Appeal?

The LORD CHANCELLOR: I think it is asking us in the United Kingdom to adopt a resolution which has not been in the least considered in this country, and I think myself it is premature. I do not want to speak hostilely to it.

Dr. JAMESON: You used the word "aspiration." Would not we pass it in that form, that it is a fair aspiration?

The LORD CHANCELLOR: I think our people would be rather surprised and startled, remembering that this is a new subject to us altogether, if we were to commit ourselves to the idea of an Imperial Court of Appeal, which means one court for the whole of the British Dominions, and a reconstruction of the House of Lords and the Privy Council.

Sir WILFRID LAURIER: The adoption of your resolution, Dr. Jameson, commits those who are here present, and the Officers of the Crown, to an inquiry into the present constitution of the Privy Council. It is a very ancient tribunal. This resolution has some very good words in it—that there are anachronisms and anomalies. There are many things which I think can be eliminated. If the Privy Council is reconstructed that is practically the court. It does not matter by what name it goes. At present, this resolution being adopted we must have a report, as I understand, from the Officers of the Crown with a view to carrying out the suggestion. Then we can see if we should go further. At present I am quite satisfied in adopting this resolution.

Dr. JAMESON: And after this investigation, the result of it taking place on the part of His Majesty's Government will be such a suitable court that it will be suitable for the United Kingdom also. Therefore, I cannot see why we should not pass the Commonwealth resolution as our aspiration of the one which will be created out of the Privy Council.

Mr. DEAKIN: I do not know whether I should enlist Sir Wilfrid Laurier's support to an amendment of this first resolution by which it would read "That the Conference recommends to the consideration of His Majesty's "Government the establishment of an Imperial Court of Appeal."

Sir WILFRID LAURIER: Do you mean we should pass the resolution? It seems to me not particularly compatible.

Mr. DEAKIN: The first resolution would then be reduced to an aspiration.

Sir WILFRID LAURIER: I have no objection to an Imperial Court of Appeal. I do not care what name you call it; whether it is the House of Lords, or the Judicial Committee, or any other body, it matters not very much. For my part I prefer Dr. Jameson's resolution.

The LORD CHANCELLOR: Do you include General Botha's addition?

Sir WILFRID LAURIER: I have no objection to that. It is not a matter which concerns this Conference, but concerns the three Colonies there represented.

Dr. JAMESON: If you and other members in the Conference agree, it will help us a good deal in getting this machinery, which the Lord Chancellor has foreshadowed as necessary, carried out.

Sir WILFRID LAURIER: With all my heart. You are far away, and you want to have a Court of Appeal for South Africa which should be final in most cases, and from which alone there can be an appeal to the Privy Council.

Dr. JAMESON: That is exactly it.

Sir WILFRID LAURIER: I quite agree with that.

Sir JOSEPH WARD: I favour that very cordially too.

The LORD CHANCELLOR: I think everyone agrees in regard to the resolution of Cape Colony, and General Botha's additional resolution. If the resolution as to the Imperial Court of Appeal were accepted, of course it would be the committal of the United Kingdom to a variation which, as I have said, they certainly have not considered, and which I think we ought not to agree to.

Mr. DEAKIN: Have you any objection to our asking you to consider it if we alter it in that way, "that the Conference recommends to the considera-"tion of His Majesty's Government the establishment of an Imperial Court "of Appeal."

CHAIRMAN: His Majesty's Government are represented in the Colonies.

The LORD CHANCELLOR: Is not that one of the things which relate to the order and good government of the United Kingdom?

Mr. DEAKIN: I am bound to admit that is one of the reasons why we put this resolution forward in terms that are intentionally vague; if it were otherwise it would have seemed as if we were imposing something upon the United Kingdom, though it affects us both. I am satisfied to have put forward the proposal. I do not desire to place His Majesty's Government in a difficulty. I recognise the force of the statement of the Lord Chancellor that as yet the matter has not been matured in this country.

CHAIRMAN: Would it not meet your case if we treat it in this way: that we record this resolution as having been submitted by you and discussed; then proceed to say that the resolution proposed by the Cape Colony has also been discussed, and that the Conference thought effect should be given to its recommendations; then make the same sort of deliverance with regard to General Botha's additional resolution. That would put your resolution on record, but not bind us who feel a difficulty in the matter to any further action.

Mr. DEAKIN: In this Conference it is undesirable to attempt to bind any of its members to that to which they take exception. Might I point out that while I do not question the statement directly, or by implication, of the Lord Chancellor, as to the impartial treatment of the courts, yet, in the very constitution of the Privy Council, if my memory serves me, the enactment says that the Lords of Appeal in Ordinary shall, "subject to the discharge of their duties in the House of Lords," attend the sittings of the Judicial Committee. That distinctly places upon the Lords of Appeal a mandate for their consideration of their duties in the House of Lords before their duties in the Privy Council. Again, you pointed out the very great care with which the court of which you were a member dealt with the New South Wales case, to which reference has been made, when you said that although four members of the Judicial Committee assembled to hear it, you had a re-hearing with eight members because it was an important matter. Extremely satisfactory as this was in that case, it only emphasises the distinction between it and a case which, from the public point of view, was of immensely greater importance, affecting so many vital constitutional issues. Yet that case was finally decided by a court only half as large, after an argument which, I fear, was imperfect, in a Judgment dealing with matters which, so far as the records show, do not appear to have been argued at all. Unhappily, the members of the Board on that occasion did not seem to perceive that the issues were specially important or that they demanded a stronger Committee. I only mention that by way of illustration of the risk suitors run by not being able to secure the same very wise and considerate treatment which the court gave in the New South Wales case.

Finally, while it is perfectly true that we have to take upon our own shoulders the responsibility of having accepted in our constitution those terms out of which this judicial anomaly has arisen, it stands on record that we did so only to save the whole constitution. It was one of those choices which all practical politicians have to make. We made it with our eyes open, but none the less reluctantly, regretfully, and now remember it repentantly.

CHAIRMAN: My suggestion is this: that the finding of the Conference might run in this form:—That the following resolution of the Commonwealth of Australia, "That it is desirable to establish an Imperial

Resolution V., p. vi.

Court of Appeal," was submitted and fully discussed. The resolution submitted by the Government of Cape Colony as amended was accepted as follows :—

"This Conference, recognising the importance to all parts of the Empire of the appellate jurisdiction of His Majesty the King in Council, desires to place upon record its opinion :—

"(1) That in the interests of His Majesty's subjects beyond the seas it is expedient that the practice and procedure of the Right Honourable the Lords of the Judicial Committee of the Privy Council be definitely laid down in the form of a code of rules and regulations.

"(2) That in the codification of the rules, regard should be had to the necessity for the removal of anachronisms and anomalies, the possibility of the curtailment of expense, and the desirability of the establishment of courses of procedure which would minimise delays.

"(3) That, with a view to the extension of uniform rights of appeal to all colonial subjects of His Majesty, the various Orders in Council, Instructions to Governors, Charters of Justice, Ordinances and Proclamations upon the subject of the Appellate Jurisdiction of the Sovereign should be taken into consideration for the purpose of determining the desirability of equalising the conditions which gave right of appeal to His Majesty.

"(4) That much uncertainty, expense, and delay would be avoided if some portion of His Majesty's prerogative to grant special leave to appeal, in cases where there exists no right of appeal, were exercised under definite rules and restrictions."

The following resolutions presented to the Conference by General Botha, and supported by the representatives of Cape Colony and Natal, were accepted :—

"(1) That when a Court of Appeal has been established for any group of Colonies geographically connected, whether federated or not, to which appeals lie from the decisions of the Supreme Courts of such Colonies, it shall be competent for the Legislature of each such Colony to abolish any existing right of appeal from its Supreme Court to the Judicial Committee of the Privy Council.

"(2) That the decisions of such Court of Appeal shall be final, but leave to appeal from such decisions may be granted by the said court in certain cases prescribed by the Statute under which it is established.

"(3) That the right of any person to apply to the Judicial Committee of the Privy Council for leave to appeal to it from the decision of such Appeal Court shall not be curtailed."

The Conference adjourned till Tuesday, April 30th, at 11 a.m.

EIGHTH DAY.

HELD AT THE COLONIAL OFFICE, DOWNING STREET,
TUESDAY, 30TH APRIL 1907.

PRESENT:

The Right Honourable THE EARL OF ELGIN, K.G., Secretary of State for the Colonies (President).

The Right Honourable Sir WILFRID LAURIER, G.C.M.G., Prime Minister of Canada.

The Honourable Sir F. W. BORDEN, K.C.M.G., Minister of Militia and Defence (Canada).

The Honourable L. P. BRODEUR, Minister of Marine and Fisheries (Canada).

The Honourable ALFRED DEAKIN, Prime Minister of the Commonwealth of Australia.

The Honourable Sir W. LYNE, K.C.M.G., Minister of Trade and Customs (Australia).

The Honourable Sir JOSEPH WARD, K.C.M.G., Prime Minister of New Zealand.

The Honourable L. S. JAMESON, C.B., Prime Minister of Cape Colony.

The Honourable Dr. SMARTT, Commissioner of Public Works (Cape Colony).

The Right Honourable Sir R. BOND, K.C.M.G., Prime Minister of Newfoundland.

The Honourable F. R. MOOR, Prime Minister of Natal.

General The Honourable LOUIS BOTHA, Prime Minister of the Transvaal.

Mr. WINSTON S. CHURCHILL, M.P., Parliamentary Under Secretary of State for the Colonies.

Sir FRANCIS HOPWOOD, K.C.B., K.C.M.G., Permanent Under Secretary of State for the Colonies.

Sir J. L. MACKAY, G.C.M.G., K.C.I.E., on behalf of the India Office.

Mr. H. W. JUST, C.B., C.M.G.,
Mr. G. W. JOHNSON, C.M.G., } *Joint Secretaries.*

Mr. W. A. ROBINSON,
Assistant Secretary.

ALSO PRESENT:

The Right Honourable H. H. ASQUITH, M.P., Chancellor of the Exchequer.

The Right Honourable D. LLOYD GEORGE, M.P., President of the Board of Trade.

Mr. W. RUNCIMAN, M.P., Financial Secretary to the Treasury.

Mr. H. E. KEARLEY, M.P., Parliamentary Secretary to the Board of Trade.

Eighth Day.
30 April 1907.

Sir E. W. HAMILTON, G.C.B., K.C.V.O., Permanent Financial Secretary to the Treasury.

Mr. H. LLEWELLYN SMITH, C.B., Permanent Secretary to the Board of Trade.

Mr. A. WILSON FOX, C.B., Comptroller-General of the Commercial, Labour, and Statistical Department of the Board of Trade.

Mr. G. J. STANLEY of the Board of Trade.

CHAIRMAN: Gentlemen, we proceed to-day to a very important series of Resolutions concerning points on which we know there is difference of opinion, but which, I have no doubt, we shall discuss, as we have hitherto, with an attempt to understand each other. I suppose we shall proceed as we have hitherto done, that is, ask those Colonies who have submitted Resolutions to explain to us in the first place the reasons which they wish to adduce. There is only one observation which I should like to make on the matter. My two colleagues beside me have come to deal with two sides of this question. The Chancellor of the Exchequer will deal with the fiscal side, and the President of the Board of Trade with the side relating to treaties and other matters. I assume from a study of the Resolutions that in some of them both sides are dealt with, and I venture to suggest, as a matter of convenience, that we should treat them separately, and that we should, in the first place, take up the discussion of the fiscal side, on which the Chancellor of the Exchequer will reply. I do not know whether there has been any arrangement between those who have submitted Resolutions as to the order in which they will speak to them, but I naturally turn, as I have hitherto done, to Australia in the first instance, and ask if they are prepared to open the discussion.

Mr. DEAKIN: If that is the preferable course to pursue, in your opinion, I certainly will do so; but perhaps Sir Wilfrid Laurier would prefer to make a statement of some kind.

PREFERENTIAL TRADE.

PREFERENTIAL TRADE.

Sir WILFRID LAURIER: Lord Elgin, and gentlemen, so far as Canada is concerned, the statement which I have to make will be very brief. Our views upon this matter have been known for some time, and at the last Conference they were the subject of ample discussion which resulted in the Resolution which was adopted on that occasion, and which is to be found on page 36 of the Blue Book. The Resolution was in these terms, first: "That "this Conference recognises that the principle of preferential trade between "the United Kingdom and His Majesty's Dominions beyond the Seas would "stimulate and facilitate mutual commercial intercourse, and would, by "promoting the development of the resources and industries of the several "parts, strengthen the Empire. (2) That this Conference recognises that, in "the present circumstances of the Colonies, it is not practicable to adopt a "general system of free trade as between the Mother Country and "the British Dominions beyond the Seas. (3) That with a view, "however, to promoting the increase of trade within the Empire, it is "desirable that those Colonies which have not already adopted such "a policy should, as far as their circumstances permit, give substantial "preferential treatment to the products and manufactures of the United "Kingdom. (4) That the Prime Ministers of the Colonies respectively

"urge on His Majesty's Government the expediency of granting in the "United Kingdom preferential treatment to the products and manufactures "of the Colonies either by exemption from or reduction of duties now or "hereafter imposed. (5) That the Prime Ministers present at the Con- "ference undertake to submit to their respective Governments at the "earliest opportunity, the principle of the Resolution and to request them "to take such measures as may be necessary to give effect to it." The Canadian Government adhere to this Resolution, and have none other to propose than that, and I intend at the proper time to move it again. As I understand the Resolutions of Australia, they agree in substance with this Resolution. The first three parts, I think, are verbatim the same. As to the others, there is not much difference between the fourth and fifth parts of the Resolution adopted in 1902 and the Resolution proposed by Mr. Deakin. But perhaps Mr. Deakin himself will show what difference there is, and what he has in mind in substituting the new draft for what the previous Conference concluded.

Mr. DEAKIN: My Lord, Mr. Asquith, and gentlemen, our variation lies first of all in the omission from the fourth Resolution of the words "either by exemption from or reduction of duties," words which do not appear to be material to the substance of that proposal, and its application to the self-governing dominions between themselves. The fifth paragraph does not mark a departure. The fifth says it is desirable that the United Kingdom grant preferential treatment to the products and manufactures of the Colonies. That is complementary to the proposal included previously in the third Resolution, which was that the Colonies were to give substantial preferential treatment to the products and manufactures of the United Kingdom. By adding the fifth Resolution it is intended to propose that we should recommend the adoption of reciprocal preference as in the fourth Resolution of 1902—a preference from the United Kingdom in return for any preference granted to the United Kingdom, or, at all events, in association with that.

In moving these Resolutions may I, in a very brief fashion, in the first place allude to the rather significant circumstance that from the earliest occasion of the summoning of representatives of the self-governing Dominions to a Conference of all parts of the Empire, this very question at once presented itself as a natural and proper, if not necessary, subject for consideration as between the several Parliaments concerned. It has never been omitted since from any of these Imperial assemblies. When the first Conference assembled in 1887, with that prescience for which the late Lord Salisbury was distinguished, he put in the forefront of his brief address to the assembled representatives the situation as it then appeared, in these words, which appear on page 5 of the Reports of the Proceedings of 1887*: "I fear that we must for the present put in the distant and shadowy portion of our task, and not in "the practical part of it, any hope of establishing a Customs Union among the "various parts of the Empire. I do not think that in the nature of things it is "impossible; I do not think that the mere fact that we are separated by the "sea renders it impossible. In fact, the case of Ireland, which has a Customs "Union with England, shows that it is not impossible. But the resolutions "which were come to in respect to our fiscal policy 40 years ago set "any such possibility entirely aside, and it cannot be now resumed until "on one side or the other very different notions with regard to fiscal "policy prevail from those which prevail at the present moment." The Colonies at that time were as they are now, more or less definitely Protectionist in principle. The United Kingdom was then, as it is now, practically Free Trade in every detail. The prospect, therefore, of any form of "Customs Union"—words used, of course, by the Prime Minister, in a

* [C. 5091].

very general sense—had to be postponed, as he indicated, until there should be some change of opinion. But looking through the reports of this first Conference, one finds even at that date most of the salient features of the discussion as it has since been developed, were already present to the minds of those who assembled here. The question of foreign bounties and how they should be met—whether by retaliation or otherwise—was dealt with. Sir Samuel Griffith, then Premier of Queensland, submitted an express proposition for the granting of preferential trade, which will be found on page 462 of the same book. He said: "The question that I should like to "submit for consideration to-day is whether that conclusion ought not to be "carried further, whether it should not be recognised as part of the duty of "the governing bodies of the Empire to see that their own subjects have a "preference over foreign subjects in matters of trade." Lower down on the same page he said: "I am not going to venture into the deep waters of "Free Trade and Protection; but I maintain that buying in the cheapest "market is not the greatest consideration in the world—that after all "that or any other system of fiscal policy can only be adopted as a "means to an end, the end being the prosperity of the country "to which we belong." Omitting a sentence: "If that can be best "done by buying in the cheapest market, and insisting that that "shall be done, by all means be it so. But if buying in some other "than the cheapest market would conduce more to the prosperity of the "Empire, then, as in all other matters, individual liberty must yield to "the general good of the whole community. All government, I suppose, "consists in a surrender of individual liberty in some particulars for the "benefit of the whole community. I am not sanguine enough to suppose "that anything is likely to be done just now; nor do I suggest any inter-"ference in the least degree with the tariffs of any countries, or that it should "be insisted that any country should impose a customs charge for any goods "if it does not choose to do so. But I submit for consideration this proposi-"tion; That if any member of the Empire thinks fit for any reason to impose "Customs charges upon goods imported from abroad, it should be recognised "that goods coming from British possessions should be subject to a lighter "duty than those coming from foreign possessions; or to put it in, I think, "a preferable way, that the duty on goods imported from abroad being fixed "according to the convenience of the country, according to the wishes of its "legislature, as to which there should be perfect freedom, with which I would "not in the least interfere, a higher duty should be imposed upon the same "kind of goods coming from foreign countries." I have read rather more than I intended, but a portion of the speech shows that even at that date the idea embodied in proposals for preferential trade was quite clearly recognised by this most capable Australian statesman.

Then it is notable, too, that in the course of the debate a Victorian statesman, perhaps known by name to most present, the Hon. James Service, who was during the whole of his career an ardent Free Trader, and to whom this proposition appeared then to be suggested almost for the first time, after remarking that he was a Free Trader, said at page 471: "If this question were to be raised now as a Free Trade and Protection "question, I would not take any part in the discussion, because I am not "prepared to open up that whole question. I am not, however, one of "those Free Traders who believe in Free Trade as a fetish to be worn as a "mere phrase round our necks, and who regard it as always indicative "of precisely the same condition of things that it was indicative of in the "Cobden period, or hold that circumstances might never arise of an "Imperial character which might demand a revision of our policy upon "that subject." Generally, I think, I may say that was the attitude of the majority of the speakers on that occasion. At all events I find myself

reported as having said of preferential trade, "this is one of the best "and one of the few means of drawing closer the bonds of unity, "and increasing, as Sir Samuel Griffith phrased it very properly, "the solidarity of the Empire." I went on to add: "But it is "not for the Colonies to urge the adoption of this proposal as one "which would be a benefit to them. It is really an Imperial matter, and "until the head and heart of the Empire here"—meaning London, Britain—"become animated by the same feeling, and become convinced "that this is a good means to adopt, our voices must be futile, the expression "of our views may be considered premature." I simply placed it on record that, so far as we were concerned, we favoured "an Imperial tariff "which would not only demonstrate the unity of the Empire, but assist "to make it a potent reality." So even in 1887 we were face to face with the question which still confronts us to-day.

The next Conference, which met in 1894, in Canada, at Ottawa,* and which was referred to by one of the Canadian Ministers present as a "Trade Conference," took this question into very special consideration. Two resolutions were carried, either then or in 1897, the first recommending the denunciation at the earliest convenient time of any treaties which now hamper the commercial relations between Great Britain and her Colonies. That resolution was carried unanimously. The next was that in the hope of improving the trade relations between the Mother Country and the Colonies, the Premiers present should undertake to confer with their colleagues with a view to seeing whether such a result could be properly secured by a preference given by the Colonies for the protection of the United Kingdom.

Perhaps, as I have not the papers at hand, I may be pardoned for alluding here to a fellow proposal of a distinctive character which was made on the first occasion in 1887 by an exceedingly able representative from the Cape, Mr. Hofmeyr. He proposed, not mutual tariff concessions as between the Mother Country and the Self-governing Dominions, but—I think, for the first time, so far as I am aware—an addition of some small percentage (I think he suggested 2 per cent.) to every tariff of the Empire, either in the Mother Country or elsewhere, so as not to affect in the slightest degree the complete freedom of each portion of the Empire in framing its own tariff, Protectionist or Free Trade. He sought to make that levy upon foreign goods on entering the Empire, the sum derived to be devoted to Imperial purposes, partly to defence, Naval Defence in particular, and partly to assisting trade and commercial development. I do not wish to detain this Conference, and therefore hurriedly abbreviate from memory Mr. Hofmeyr's proposal, which he supported in a most striking and able speech. He attended, though in ill-health, the Canadian Conference of 1894, when he again alluded to the proposals which he had previously submitted, but I do not appear to have a reference to the page. We are very much indebted to Lord Elgin for the mass of material which he has placed at our disposal. I only wish it had been within my power to read, mark, learn, and inwardly digest it before we resumed these discussions. But the pressure upon us is such that even in making a note of this reference to Mr. Hofmeyr, I have evidently mis-stated the page. Now I have the papers. In 1894 the resolution was passed for reciprocity between the different Colonies and the Mother Country, and also between each other; and another resolution in which they asked for a denunciation of treaties. There were treaties at that time proposed between New Zealand and Canada, and New Zealand and South Australia, to which, however, no effect was given; but the making of such treaties was deliberately encouraged. Then it was that Mr. Hofmeyr, referring to his former proposal, expressed his deliberate judgment to this effect—without waiting to find the reference in order to quote the exact words—that it was highly necessary for the stability of the Empire and

* *See* [C. 7553].

almost for its existence that a customs alliance of some kind should be established; that if it were not established the Self-governing Dominions might be expected to turn to other Powers and possibly to enter into treaties with them which he thought would have an injurious effect. That seems much nearer to-day. He considered by anticipation the question of the effect upon food products of his proposal, and, as I remember, thought that any increased cost of a reasonable duty upon food products other than those from within the Empire which were brought into the United Kingdom, would be slight and of short duration. He entertained a strong hope and expectation that his proposal would be adopted. I do not wish to dwell further upon this side issue, except to say that if Mr. Hofmeyr's speeches in 1887 and in 1894 at Ottawa be taken together, they form a very notable contribution to the discussion of this question from another point of view, though an allied point of view, to that which is touched upon in the Resolution that the Commonwealth has submitted. They seem so important that I venture to interject them here, because of the intimacy of their relation, although they are not directly material to the proposals we have before us. It was in 1897 at which the Resolutions, which I read as of 1894, were passed, showing that at the third Conference Preference was still a live question. Then in 1902 we have the resolutions which Sir Wilfrid Laurier has read to us this morning, and which, I am glad to hear, he proposes to re-affirm.* At every Conference, therefore, this issue has been raised in some form or another, with increasing force on each occasion and with increasing definiteness. It would not, therefore, be quite consistent with the course that has been followed by previous Conferences if this issue were not dealt with, and I hope even more thoroughly, at this Conference. For that, too, we have a special warrant. I find in a document, which appears to be in a sense official, issued by the Imperial Federation (Defence) Committee, reporting very fully a deputation to the Prime Minister of 1904, that Mr. Balfour, speaking as Prime Minister, in reply to their request that the question of Naval Defence and Imperial Defence generally should be pressed upon the coming Conference which was due in 1906 — which is this Conference, postponed for a year — went on to say: "As everybody is aware, the circumstance which forced upon me "at least the absolute necessity of calling such a Conference was the "position in which we have been gradually brought by a controversy which "has nothing immediately or directly to do with, though it is indirectly no "doubt connected with, the subject which has brought you all here to-day"— that is the subject of Defence. "I am not going to say a word upon that controversy"—that was the Tariff Reform controversy. "There are gentle- "men in this room, probably, holding very many different views upon the "subject, and it would be quite out of place and quite improper for me to "drag in the merits of that controversy even in the most indirect manner. "But I quite admit that though the question of closer commercial union with "the Colonies, or though a discussion of the possibility of finding an "arrangement for closer commercial union with the Colonies, may be the "occasion for the summoning of the Conference, it is impossible, and it "would be improper, that any such Conference should be confined to that, "or should be restricted from discussing anything connected with the closer "union of one part of the Empire with the other. It would, indeed, violate "the very fundamental condition which I believe to be essential to the value "of such a Conference—the condition, I mean, that it should meet with "perfect freedom, unhampered and unfettered." I quote that for the purpose of showing that the late Government, which had in view the present Conference, held that the discussion of the possibility of finding an arrangement for closer commercial union with the Colonies was the occasion, or the prime occasion, for the summoning of this very Conference.

* [Cd. 1299] p. 36.

In order to avoid entering upon the field of British politics, so far as it embraces proposals for Tariff Reform, I desire to exclude its local relations from my remarks as much as possible. We have, however, had addressed to us in Australia, an appeal on this question, so unusual and emanating from a large number of representative Members of the British Parliament, that one feels under some obligation to refer to it. This was an appeal from Members of the Imperial Parliament to the electors of the Commonwealth of Australia. It set out that in a few months they would be choosing representatives in a Parliament of the Commonwealth, and that Fiscal Preference was one of the questions to be submitted to them. Thinking this gravely affected them, they addressed an appeal to our electors, taking the view that "there is no offer within your power to make"—that is, within the Commonwealth's power—"that could compensate us for a tax upon our food." Again, they speak of the possibility of working men being "embittered by a sense of the wrong done to them by a tax upon food." In conclusion, though it is a short address, they protest in order that goodwill should be maintained between us, that "you should not encourage those among you who are proposing to put a tax upon our food."

Mr. ASQUITH: What is the date of that?

Mr. DEAKIN: June the 22nd, 1906. This appeal was made to the electors of the Commonwealth of Australia, and those electors have given their answer very decidedly. It was very much more in favour of Preference than ever before—in favour of some degree or kind of Preference, though doubtless differing as to its extent. The result showed certainly a majority of 3 to 1, and probably a larger majority. By way of comment upon their plea, may I say that we venture to hold their terminology rather inexact. What is called a "tax" on food would be more appropriately referred to as a duty; and in our experience a duty is not a tax, of necessity; it need not raise prices. We have illustrations within our own country in which we have imposed duties of a definitely protectionist character, which have not had the effect of raising prices in our community. Of course, no statement whatever can be made as to the effect of "duties" which would apply to all of them, or even to many of them. They may be of any height or of any character, apply to any part or totality of a product. There are duties some of which would be no tax at all, some of which would impose a partial tax, and some which might be wholly taxes. If I do not err, all the duties in this country, with possibly an exception for cocoa and chocolate, which have a slight protectionist flavour—with that single exception, so far as I know—the duties in this country are imposed as taxes, so to speak; that is, with the sole purpose of raising revenue. We, on the contrary, impose duties from mixed motives; some purely to raise revenue; others not only with the object of raising revenue, but of giving a stimulus to local production; others to foster that production without any regard to the amount of revenue that may accrue—these, of course, are levied in differing proportions. To take the tariff of the Commonwealth, or any other tariff, and analyse its duties, would require a very elaborate scheme of classification to discriminate between the different effects which are either intended or achieved.

With that preliminary caution may I say that this reference to a tax on food appears to us to be appropriate enough, considering its source, because the phrase was evidently used having regard to the British tariff. There it is alleged that some 18,000,000*l.* is levied directly, and I have seen another estimate which said 50,000,000*l.* indirectly, though I do not quite understand how that could be, upon food and food products.

Mr. ASQUITH: Mainly drink.

Mr. DEAKIN: Does food include drink?

Mr. ASQUITH: It is a very simple matter. Our tariff consists, so far as these things are concerned, of a tax upon various forms of alcohol, tobacco, sugar, and tea, with one or two small duties like those upon cocoa and dried fruits, which hardly count, and practically that exhausts our tariff.

Mr. DEAKIN: I thought that physicians had settled the question whether alcohol is a food or not.

Mr. ASQUITH: They are still disputing it.

Mr. DEAKIN: One further question which appears to be raised—and I am entering into no academic discussion,—is, when a duty is a tax, who pays that tax? I only refer to this because the subject appears to be dealt with by a gentleman who, I understand, occupied, and possibly still occupies, the highest position in the orthodox sect of Free Traders. I think he was, if he is not still, the Secretary of the Cobden Club—Mr. Harold Cox, M.P. In your debates, which I had the opportunity of reading while journeying here, Mr. Cox's testimony on that subject is remarkably clear. He pointed out that Canada had a substantial preferential tariff; the duties paid on British goods were 2,000,000*l.* a year. That was 33 per cent. less than the duty which would have been charged on the same goods if they had been foreign goods; if the goods had been foreign, the duties would have amounted to 3,000,000*l.*, but, if he credited Canada with the 1,000,000*l.* she did not levy on our goods, he must also credit her with the 2,000,000*l.* she did levy. We had, therefore, in his opinion, practically to bear a burden of 2,000,000*l.* in order to obtain a remission of 1,000,000*l.*, which, he added, was hardly good business. Mr. Cox is an authority, and when he says that the importing British merchant had to bear the burden of the 2,000,000*l.* of duties, he clearly asserts that the importer pays the whole of the tax—the whole of the duty which he prefers to call a "tax."

Mr. ASQUITH: I do not so understand it, but I am not concerned in defending Mr. Cox.

Mr. DEAKIN: It is very hard to put any other meaning upon it. He said we had practically to bear a burden of 2,000,000*l.*—"we" being the merchants of Great Britain—those who exported from Great Britain for the purpose of importing into Canada. If they bear the burden of 2,000,000*l.* he does not suggest, I suppose, that the Canadian people bear another 2,000,000*l.* over again. That does seem to me quite a hopeful light thrown upon the burden of duties borne by the foreigner.

The reference that was made at the conclusion of the Parliamentary appeal to the preservation of goodwill, is one to which there was and always will be an instantaneous response. There can be no possible peril to goodwill in this matter. There may be a strong difference of opinion as to the best means of giving effect to that goodwill, but certainly the sentiment would not be diminished by the particular character of that opinion. We argue something in this way: All trade, speaking broadly, exists for mutual profit, and is based upon mutual profit. Just as every individual who engages in it desires to have the largest trade possible, so does every nation. Nations, like individuals, live by their labour, their production, and their exchange. This is so true that not only are there wars in fact which are called "commercial wars," but trade is always sought for by aggressive means

and sometimes fought for with the sword in order that it may be acquired or retained. What we suggest is a trade in preferences, in trade advantages which should be conceded to each other, on the usual principle of trade, that it shall be to the benefit of both parties concerned. So far as I am aware no one has yet fathered, or is likely to father, any such proposition as that this matter of business is to be dealt with to the advantage of one of the parties only. There is not any business of that character, or which is assumed to be of that character. It must yield mutual advantage, and of the value of that advantage each party must be the judge.

Mr. ASQUITH: I entirely assent to that proposition, if I may say so. It admirably states the case.

Mr. DEAKIN: That is why the goodwill cannot be disturbed. It must always be admitted that each of the parties to the bargain must be the best judge of its own gain. We may have a strong and clear opinion as to how the other bargainer should proceed, in his own interest, but after all that is his affair. We may regret that we cannot do the business, but necessarily we must in every case bow to his decision. So in the present instance it appears to us to be possible for each to impose duties on a certain scale—putting aside the advantage which may be gained from those duties—granting each other preferences under them without loss or risk of loss.

The question, as it seems to me, which foreign nations will then put to themselves is not whether duties have been imposed for this particular purpose by Great Britain or by Great Britain and all her Dominions together. What the foreign exporter seeks is the best market; the market where he gets the best price, the biggest market. The position of the United Kingdom appears to us to be so unique, that it not only is to-day the best market for all the world, but may easily continue to be still the best market for all the world outside its own Dominions, even if preferences were conceded to those Dominions when their goods were entering its ports. That, again, is a business question. If the foreign producer can still sell in your market at a profit, even though it be a smaller profit than now, so long as it is a profit he will be induced to continue his trade. If, as is probably the case, even with any duty which you would impose, Great Britain still remained absolutely the best market in the world to him, the fact that it was not as good as it had been would not operate. Markets vary everywhere, owing to circumstances too many even to indicate. Merchants are accustomed to sell, sometimes in good, and sometimes in indifferent, markets, and it does appear to us from our point of view that we are not suggesting anything unreasonable in the proposals we make even in respect of food stuffs and raw materials, both of which we quite admit should be most carefully scrutinised before they could be dealt with. The special circumstances of this country seem to us to offer a margin in which both of those could be dealt with, and effectively dealt with to our great gain, yet without altering the place which the United Kingdom occupies to-day as probably the best market for them in the world.

It is not for us to propose a new or criticise your present fiscal policy, but we may remark that consideration for your own British industries might lead to duties being levied, the object of which would be either to revive those industries which had suffered or were suffering, or to expand those already existing. That involves another set of principles altogether, and I should be distinctly departing from the rule laid down for myself if I entered upon any discussion of the merits or demerits of local protection. It ought to be clearly understood that my reason for mentioning it is this: that when the outer Dominions suggest a preference they not only believe that you should have that opportunity of profit, but also that in considering any proposal for

preference to them, the first obligation upon every British Parliament is to consider its own citizens, its own industries, and its own advantage first. So far as you might think it right to exclude us and everyone else from your own markets in order to maintain, or retain, or extend any kind of production or interest of your own, it would be impossible for us to raise one word of complaint. That is entirely a matter for the discretion of the people and the Parliament of Great Britain. May I be forgiven for even mentioning this truism, because it occasionally is inferred that the attitude we adopt is of another character—that we are looking for same sort of eleemosynary aid which is to be given in consideration of our youth and inexperience. We may be youthful, but in this matter we are fairly experienced. In our own tariffs we distinctly study our own interests, and hold that the same duty rests as seriously upon the Government and representatives of the people of this country as it does upon us. We approach this question of preference with that preliminary admission, it ought not to be necessary to mention it, that of course our proposal is made, admitting that, first of all, you should consider your own industries, your own production, and your own people, and impose whatever duties you think fit in regard to them. Only after that should you undertake to go further and enter upon the question of preference, when you see it to be to your advantage so to do. I use the word "advantage" in that last connection, as going, perhaps, beyond pounds, shillings, and pence, either in the matter of revenue received or preference conceded. If the result of granting a preference is, for instance, to largely build up the Dominions beyond the Seas, it should be remembered that they were, are, and are likely to remain the best customers of this country. Consequently you have a direct trade interest in multiplying their population and increasing their consuming power by means of preferences.

The question of preference comes in only after you have considered your own interests, your own social system, your own financial system, your own industrial system, and whatever else you think fit to take into account. On this matter we have no dogmas; our own method is to study each industry and its needs, or each kind of production, by itself in a business light, and to see how far it is likely to pay the country to foster it or to ignore it. Just in the degree that we deem it to be a good business proposition, we undertake without fear the experiment of fiscally assisting it. If it appears to us an unattractive business proposition, we let it alone. We are bound by no shibboleths; we simply, to the best of our ability, deal with our duties as a merchant deals with his own business in his own interest. Preference for Preference we hope and believe would be profitable to both. We have the strongest reasons, we think, for believing it; at all events, we are satisfied that it could be made profitable to us.

There is one illustration of the method we ourselves attempt to apply, which appears to us to be practical. It is in a Blue Book published in 1904, headed "East India Tariffs; Views of the Government of India on the question of Preferential Tariffs." To that is annexed a general report as to which I have nothing to say, as it relates to India. I find Enclosure No. 1 is a minute of Sir Edward Law, K.C.M.G., C.S.I., Financial Member of the Council of the Viceroy and Governor-General of India, dated 31st August 1903. What is valuable is the manner in which the relation of India to each country is treated. It is handled precisely as we endeavour to handle each proposal for a new customs duty—either its increase or its decrease—but here it is treated in relation to the possibilities of retaliation. Each country that trades with India is taken separately; the *quantum* of the trade is given; the subject matter of that trade defined; its value to the customer country is considered; and the trade from India to that country is also passed in review. That memorandum exhibits exactly the method in which in the Commonwealth we endeavour to approach any such proposals. Sir Edward

Law complains of the deficiency of his materials, and speaks tentatively just as one would do under the circumstances, but what is pertinent in this particular connection is his study of export and import trade and its character and possibilities on both sides. That represents a business-like way of disposing of questions of this kind, exhaustive having regard to the materials at hand, so that I have taken the opportunity of quoting it as a better illustration than any statement of the way in which we try to handle such matters.

Before closing this argument, may I say that a good deal appears to us to depend upon what you make the unit of your consideration. I have already admitted that the British tariff should be dealt with, taking the United Kingdom as the unit first, and that the other units should come afterwards. At the same time, those other units together with the United Kingdom make up what we speak of as the British Empire. The view that has very strongly pressed us in relation to all these questions of the tariff and a great variety of other questions, especially such as we have been considering at this Conference, is the future of the larger unit, the Empire as a whole. After the United Kingdom has studied its individual interests; after Canada, and the Commonwealth, and South Africa, have studied their individual interests within themselves, and in their dealings with each other, necessarily the greater question presents itself as to the mutual possibilities which those units possess to-day. Their fortunes are bound up together, their trade and commerce are mostly with each other. You come then to the next stage of the question which is quite separate from the first, because you have a great political motive for inquiring how far it is possible for these units to assist each other by interchange. That interchange must be mutually profitable in itself, and even if it were only slightly profitable might become of immense importance as a factor in the interests of the group of units of the Empire considered as a whole. Whatever the possibilities of trade may be between us, and they appear to our minds to be considerable, we are never blind to the fact that closer relations of this kind might play a most important part in ways too numerous to mention not only in bringing us together, but in keeping us together and making us stronger by union for national business bargains. Certainly we should then become better equipped for making those bargains which nations from time to time enter into in order to preserve the peace of the world. We proceed on the supposition, which is much more than a supposition to us, that it is possible in this way to strengthen the Empire as a whole, and this becomes one of the strongest motives we have for looking hopefully to movements of this kind, even while we recognise that they have to begin as business operations, and cannot succeed if they are conducted, or sought to be conducted, in breach of business principles.

So far as I can speak for the people of Australia, this motive—speaking of them as a whole—counts for as much as any promise of direct material advantage to themselves, if you can speak of direct material advantage to us, apart from that of the whole Empire. Personally, I do not think you can. United as we are, the benefit of one must be a benefit to all, and, of course, the benefit of two is better than the benefit of one, and so on. But, for the moment, speaking as if the interests could be severed, I believe a motive quite as strong and probably stronger than that of the money gain or advantage of this trade, influences the bulk of the people of Australia, through the idea of having more intimate relations with their own countrymen and being more united with them in peace as well as in war. They look to the operation of trade and to its great agencies, particularly the shipping of the Empire, to uphold the proud position which it occupies to-day. Lord Tweedmouth, when he was with us, mentioned some very striking figures on that point. Not the least by any means of the

advantages of the increase of trade within the Empire is an increase in the strength of the mercantile marine with its general relation to naval supremacy, and also in itself a great means of employment and source of national strength. Anything that multiplies the shipping of the Empire, any devices that increase its cable communications and postal facilities are all exfremely valuable means of unity to be sought in themselves quite apart from preferential trade, but where preferential trade helps them, it is another argument for preferential trade to whatever extent it encourages them. Ships and cables, and rapid regular frequent communication in all forms appeal very strongly to the people of Australia, perhaps because they are, with New Zealand, the most remote outposts. We look forward with hope to increasing every means of inter-Imperial alliances in association with trade, and also independently of it by other and more direct means.

In the Australian attitude on this question, and I believe the attitude to be the same in all the other Dominions, these really are very considerable motives. Our people and the thoughtful all the world over recognise the immense advantage of the support they gain from each other as parts of this Empire. They cherish that union and desire to possess even stronger ties than exist at present. They realise that the modern world is full of critical occasions, especially for a great world power with enterprising rivals, and are very anxious that any means of making the Empire more distinctly self-dependent both in peace and war, should also be sought and used with a view to possible emergencies. So, from quite a variety of what you might consider at first sight outside considerations, they are powerfully drawn towards the proposal which is roughly embodied in the resolutions now submitted to the Conference. Peace, education, progress, our independence, and the maintenance of our social conditions, are all bound up with the capacity of the empire to hold its own even against hostilities. Years ago I had occasion to point out to those with whom I am associated in the Commonwealth, that we owed our opportunities and possibilities to the shelter of the position which we enjoyed under the flag, and to remind them that what we prize in the way of liberties, institutions, opportunities, racial relations, and power depended upon the maintenance of this Empire and its strong arm. Many of them share that view. That is the deepest self-interest we have in union—an interest which we share in common with you. The possibilities of the severance of this Empire, of its defeat and destruction, are too painful to contemplate, and, thank Heaven! in no prospect that we can see. But the mere suggestion of them and their possibilities makes us turn with even more intense anxiety towards every opportunity, small or large, which we can find for preparing ourselves against a day of trial and for securing what we hold dearer perhaps than life. To us it appears that henceforth the individual will become more and more dependent upon the social and national structure in which he finds a place. It makes all the difference whether you are grains of sand or the same grains compacted into solid rock. Anything that encourages the development of Imperial organisation, which, without limiting the self-governing powers of the several parts, or unduly trespassing on the individual liberty of the citizen, shall compact them together in co-operative relations for the discharge of social duties, political obligations, and industrial efforts—every possible increase of that co-operation—marks a higher stage in civilisation, giving greater opportunities to the individual and greater strength to the nation to which he belongs. That is a political gospel. The nation and the individual act and re-act upon each other, and in the British Empire we think we see the greatest future at present open to any people for that inter-action affording the fullest free play to individual energy and enterprise, and at the same time by willing consent uniting its peoples together for their great common ends of one national destiny.

Coming down from general considerations to the proposals embodied in this Resolution, while the motives by which we are attracted are of that general nature, they are supported by reasons of a much more precise character. I see to-day in one of your leading newspapers, an article by Mr. John Holt Schooling, a well-known writer, whose diagrams elucidate so many problems. He furnishes several tables, one relating to India, which are devised on a new plan of taking yearly averages during each decade. The general result of his examination of the Indian figures is that they show a continuous fall of imports from the United Kingdom as compared with imports from all countries. Then we come to the Australian Commonwealth, and commencing with the year 1880, when the imports from the United Kingdom were 72·7 per cent. of the imports from all the countries into the Commonwealth, he shows their steady decline down to 1905, when the percentage of proportion had fallen to 61·3 per cent. This he terms a large and continuous fall. Of course, this table does not include our inter-State trade.

Mr. ASQUITH: What do you say the figures are now?

Mr. DEAKIN: For 1905 he gives the imports from the United Kingdom as 61·3 per cent. of the total imports from all countries. He does not take 1906.

Mr. ASQUITH: I think all the figures are not out yet.

Mr. DEAKIN: I have, I think, the 1906 figures with me. He summarises it in this fashion: "What has been the course of trade during 1880–1905? "Australia's purchases from all countries have risen, and Australia's purchases "from the United Kingdom have fallen. The latter were 24·3 million pounds "yearly during the first decade, and 22·4 million pounds yearly during the "last decade. These two opposite courses of trade produce in combination "the result disclosed in the last column of Table II. A large and continuous "fall has occurred in the United Kingdom's share of Australian markets. "For example, during the first decade our share was 72·7*l.* per 100*l.* of "Australia's purchases. But during the last decade our share had fallen to "61·3*l.* per 100*l.* And the fall was continuous. Not only are we making "less advance in foreign markets than is made by our trade rivals, but also "we are losing our place as a seller in the market of British Colonies. One "of the causes of this loss of position by us in foreign markets and in the "markets of British Colonies is the fact that we give to each of our rivals a "great trade advantage. We give to our rivals a free market of 43,000,000 "persons in the United Kingdom, to add to their own free market in their "own country. For example, the United States possess an open market of "82,000,000 persons in the United States, plus an open market of 43,000,000 "persons in the United Kingdom—total, 125,000,000. But the United "Kingdom possesses an open market of 43,000,000 in the United Kingdom, "which, moreover, is considerably interfered with by the foreign goods we "buy." His third table deals with Canada, and shows in the same way a large and continuous fall. The fourth table deals with the Straits Settlements, with a similar result, and the last table deals with the Cape of Good Hope, also showing a large fall.

Mr. ASQUITH: What do you mean by a large fall?

Mr. DEAKIN: In percentage.

Mr. ASQUITH: A large fall in the aggregate, or a large fall in proportion to the whole?

Mr. DEAKIN: In proportion to the whole. For instance, the percentage in Cape Colony dropped from 80·3 in 1880, in 65·4 last year. It is in its proportions that he is measuring it.

Then, looking a little more closely at the course of British and Australian trade, I find that the greater part of the goods that Australia purchases abroad are still obtained in Great Britain, and to that country a large proportion of Australian produce is exported. But though British superiority as the chief market for Australian trade is maintained, the extent of that superiority has distinctly diminished. Take the official figures of the development of British trade from 1860 onwards: they represent the average annual importations into Australia from Great Britain in each decennial period of goods of British or Irish origin. The figures are, for the period 1860-69, omitting odd figures, 12,400,000*l.*; 1870-79, 14,400,000*l.*; 1880-89, 21,700,000*l.*; 1890-99, 18,400,000*l.*; and 1900-05, a quinquennial period, 20,800,000*l.*

Mr. ASQUITH: Those are British imports into Australia.

Mr. DEAKIN: The average annual imports into Australia from Great Britain, during that decennial period, show that increase, which has then to be measured with the general increase of our trade. It has been urged that an important influence affecting British trade is the loss of the direct carriage of goods produced in the continent of Europe, which formerly were sent to Australia by way of England. Mr. Schooling did not deal with this, but took the imports in gross, that is to say, he took all those as English which came from England, and the balance as foreign. It is impossible during the earlier years above referred to, to distinguish directly from the trade statistics, either of Australia or of the United Kingdom, the amount of foreign goods imported into Australia by way of England. But though the total of all goods not of British origin is not known, yet a competent Australian authority has been able to make for me a close dissection of the returns, with the results shown in the following table. From this, it will be seen that there has been little change in the volume of foreign exports to Australia coming by way of England during the last 20 years. Look at the average annual imports into Australia from foreign countries, distinguishing the value of goods coming direct or by way of England; in 1860-69 the direct importations were 3,200,000*l.*; imported by way of England, 700,000*l.*—total, 4,000,000*l.*; in 1870-79, direct importations were 2,800,000*l.*; imported by way of England, 1,140,000*l.*—total, 4,000,000*l.*; in 1880-89, direct importations, 4,900,000*l.*; imported by way of England, 2,000,000*l.*—total, 6,900,000*l.*; in 1890-99, direct importations, 5,900,000*l.*; imported by way of England, 1,500,000*l.*—total, 7,500,000*l.*; and in 1904-05, direct importations, 11,300,000*l.*; imported by way of

England, 2,400,000*l.*—total 13,700,000*l.* Having put these two general sets of figures before you, let us now note the respective positions which Britain and foreign countries hold in the Australian market. The changes that have taken place during the last 40 years disclose this: the average annual import into Australia in the decennial periods, beginning in 1860 and ending in 1905, that last period being five years only, was, for the first period, from the United Kingdom, 12,400,000*l.*; foreign countries, 4,000,000*l.*; the next period (1870–79), from the United Kingdom, 14,400,000*l.*; foreign countries, 4,000,000*l.*; the next period (1880–89), from the United Kingdom, 21,700,000*l.*; foreign countries, 6,900,000*l*; the next decennial period (1890–99), from the United Kingdom, 18,400,000*l.*; foreign countries, 7,500,000*l.*; and the last quinquennial period (1900–05), from the United Kingdom, 20,800,000*l.*; foreign countries. 13,700,000*l.* Putting it in another way, if the trade of the United Kingdom be represented by 100, then the foreign imports into Australia for those periods are represented by 32, 28, 32, 41, and 66 respectively, showing a very remarkable growth in the latter period.

Mr. LLOYD GEORGE: You have not the exports to foreign countries?

Mr. DEAKIN: Not in this. They, too, show an increase.

Mr. ASQUITH: Foreign countries have been buying your goods and paying for them by selling their goods to you.

Mr. DEAKIN: Buying more wool. Formerly you took nearly all our wool, but now foreign nations take a share. Those figures show that a change is taking place in the character of Australian imports, and what that change is. The most important developments in the foreign trade of our country have been those manifested during the last 20 years of that period. If we use quinquennial instead of decennial periods the returns of the Statistician's Office in Sydney which have been generally relied upon in local discussions show that in 1881–85 the imports from the United Kingdom represented a value of 24,400,000*l.*, as compared with 6,800,000*l.* from foreign countries, the latter being 28 per cent. of the former; in 1901–05 the respective values were 20,400,000*l.* and 13,800,000*l.*, the imports of Australia from foreign countries being, therefore, 67·5 per cent. of the imports from the United Kingdom. Put that another way. While British exports to Australia fell away during the 20 years to the extent of 4,000,000*l.*, foreign exports were increased by 7,000,000*l.* Here let me guard against a misapprehension. The development of Australian industries, to which in some quarters this great shifting of our purchases has been attributed, cannot be pleaded as a sufficient cause for the decline of the British-Australian trade, because, as the figures just cited show, however local production may have grown, and whatever other influence it may have had upon our growth there has been a substantial increase in the combined British and foreign imports into Australia during the past 20 years. It is not necessary for the purpose of this argument to trace in detail the classes of British goods that are being replaced by foreign-made goods, but, speaking generally, and taking the year 1885 as the point of comparison, the trade returns show substantial losses of British trade are caused by foreign gains in haberdashery and apparel, cement, earthen and china ware, cabinet and upholstery ware, glass manufactures, hardware and cutlery, wrought and unwrought leather, paper, silk manufactures, some classes of woollens, and many other articles of minor importance. The character of the losses of British exports is

plain—they lie in manufactured goods and in classes of those goods in which our local manufacturers are not conspicuous.

Mr. ASQUITH: Which are the classes of your own local or native manufacturers which you have shown in this development—wool?

Mr. DEAKIN: We do not reckon wool as a manufacture, except as woollen cloth.

Mr. ASQUITH: Yes. I meant yarn or cloth.

Mr. DEAKIN: Speaking from memory, there has been a growth, but not a large or rapid growth, of woollen manufacture. There may be some increase in the making of apparel.

Mr. ASQUITH: Boots and shoes?

Mr. DEAKIN: Yes, some increase, but none, I think, in cabinet or upholstery ware worth mentioning, nor in glass, hardware, and cutlery (cutlery we do not manufacture), nor in paper or silk manufactures.

Mr. ASQUITH: I suppose you have practically no cutlery manufactures?

Mr. DEAKIN: None. Our manufactures are still in their infancy.

To interpret these facts aright, one or two possible explanations suggested must be disposed of. The expansion of the foreign at the expense of the British trade with Australia is not due to any superior quality or cheapness of the foreign-made article. England can manufacture most descriptions of exportable goods as cheaply as can any foreign country, and there need be no increase of general prices to the Australian consumer, had the Mother Country a larger share of the Australian import trade. Of course, some portion of British loss of trade, has, undoubtedly, arisen from the conservativeness of British methods, but the extent of the loss thus arising has been greatly overrated. The present position of British trade in Australia is almost wholly due to the settled policy adopted by most foreign countries, of reserving their home markets for their own produce, and reserving their competition for other, especially British markets, for by this policy they are enabled, step by step, to oust Great Britain from the trade of her possessions.

Something must be said of the manner in which foreign trade is conducted, for this is detrimental to the interests of all the producing States that receive their goods. It has been amply demonstrated that the practice of "Dumping," or the placing of large quantities of produce below cost price, tends to destroy established industries in the countries receiving the dumped goods. This practice is at times largely employed by foreign manufacturers to injure British trade, not only in Australia but everywhere. Great Britain gets nothing in return for her gift of her markets from her rivals. She makes them a present of it, and, so far as I have observed, does not even secure their friendship in return.

Mr. ASQUITH: Can you give me any case of dumping in Australia on a substantial scale?

Mr. DEAKIN: We have, of course, a good deal of what you may call casual or irregular dumping of cheap shiploads. Those I do not dwell upon. The chief danger that we had to cope with lately was with regard to agricultural implements, which, from information received, were manufactured in the United States. We had reason to believe that these were being brought in with the intention of being sold under cost in order to cripple and destroy the local manufacture. We have dealt with that in a very drastic fashion by an Act which will enable us to cope with the great Trust that is understood to be behind this operation. That is the most conspicuous case recently.

Mr. ASQUITH: Were not they let in free under your tariff?

Mr. DEAKIN: Not harvesters, strippers, and binders to which I am referring now, and which were dealt with under a particular law passed last session.

Mr. LLOYD GEORGE: What is the tariff on those?

Mr. DEAKIN: It was 12½ per cent. on the value, but now we have a fixed duty of 12*l*. each machine.

Mr. ASQUITH: When did that happen?

Mr. DEAKIN: Last year. Foreign manufacturers are able to attack our market by having behind them the security of their own market with free access to British markets, and by reason of the comparative lightness of the Australian tariff to invade Australian markets also.

Glancing for a moment at another aspect, may I notice in passing, the extent to which foreign countries have prevented the natural increase of British trade. In the ten years 1895–1905 British exports to British possessions, including Australia, increased from 91 to 134 millions, while the exports of foreign countries increased from 51 to 103 millions. Taking goods, the produce and manufacture of Great Britain, the export to British possessions in 1905 was 113 millions, or only 10 millions in excess of the exports of its foreign competitors. Indeed, if India be omitted from consideration, the foreign imports into British Colonies exceed in value those of British origin. Now this great change has not been brought about by ordinary commercial methods. The gradual exclusion of Great Britain and her possessions from foreign markets is, of course, deliberate, intentional, and consistent. Not only do foreign countries, for the most part, reserve their home market to themselves, as far as it has been practicable and politic for them to do so, but by subsidies, bounties, and trade regulations, they stimulate their own exports, and materially restrict those of their rivals. I can only follow this part of the subject a short distance, but it is a very important part, though the means used are much more than fiscal. The point which cannot be overlooked, and must be kept constantly in mind, is that our trade is affected very largely, and will be injured in future by the aggressive policy adopted by foreign countries. Australia, as a producing nation, would be vastly benefited if it could send its goods everywhere on fair terms; but our commercial rivals exclude us with impunity from great areas which do not produce naturally the goods which we could send them if these restrictions were removed. It is not possible, for example, to send anything to German Colonies, for not only does their Government subsidise its ships to carry produce cheaply (the sum of 350,000*l*. a year being spent in shipping bounties), but in German Colonies German goods are either exempt from customs duties entirely, or are taxed at a low scale, while

other goods have to pay high import duties. This is Preference carried to an extreme. It has the full effect intended by its authors of restricting German Colonies to German commerce. But, beyond this, both on their home and colonial railways, German goods intended for export are carried at almost nominal rates.

France adopts a somewhat similar position. The laws regulating the commerce of that country with her Colonies and Dependencies are so framed as to discriminate largely in favour of French products and French shipping. Some little time ago an endeavour was made to open a market for Australian produce in France; it was then found that butter coming from Australia was subject to more than twice the duty imposed on the produce of the United States, Denmark, Belgium, and other countries, the produce of these States being in turn subject to a considerable impost. In fact, the French market was practically and designedly shut to our produce. Nor do our disabilities end with duties on manufactured goods, for though few countries deliberately put duties on raw material of manufactures, yet America levies over 50 per cent. on Australian wool, and this practically closes the American market to the chief Australian staple. It is needless to recapitulate the various difficulties which the Australian exporter has to contend with in all other countries than Great Britain, especially while the Mother Country herself will not discriminate between us. The only articles which foreign countries seem willing to take are raw materials absolutely necessary for their own manufactures. This is a subject which, from the British point of view alone, might be pressed very far. Of course, that is not my business. We have to face the facts as we find them, dealing so far as we can with political attacks upon trade by a political defence of trade, and undertaking any reprisals which may be necessary to that end.

On all sides the export trade of Australia is blocked by ever increasing barriers erected by foreign countries. Europe ought to be an excellent market for Australian mutton and beef, as many European workpeople hardly ever have meat to eat—or do not regularly have meat to eat—yet we have practically no trade of this kind whatever with any European country except England. Nearly every European Government has erected, in the interests of its agrarian population, restrictions either by way of customs duties or of regulations ostensibly in the interests of health, which effectually prevent the development of trade. I am indebted to Mr. Coghlan, the Agent-General for New South Wales, who recently visited Germany, for the information that the wholesale price of mutton there is over 6*d.* per pound. That country imposes upon meat a duty of seven-eighths of a penny per pound, with the immediate possibility of an increase to 2½*d.*, which is the duty fixed under the new tariff. In any circumstances this latter duty is prohibitive, but in order to make it absolutely certain that no Australian mutton can be sent to Germany, the line of steamers trading between Germany and Australia, which is subsidised by the German Government, is expressly debarred by its charter from bringing into Germany from Australia fresh or frozen meat, butter, dairy produce, and cereals. Here, again, a shipping subsidy strikes, and strikes hard, against British trade. As if this were not enough to prevent importation there are restrictions, nominally in the interests of sanitation, of the most rigorous order. It is provided, for example, that in regard to frozen beef, the breast, peritoneum, lungs, heart, kidneys, and in the case of cows, the udder also with the lymphatic glands belonging thereto, must be united to the carcase in their natural arrangement. Carcases divided into halves must be packed together, and the head of the lower jaw with the masticatory muscles must be imported with the carcase in such a way that it can be seen at a glance that they belong to it. This provision would exclude, as it is intended to exclude, Australian meat from the German market, even if there were no duty. A similar system is now being proposed,

I think, in Sweden. In France the practice in regard to frozen mutton and beef is much the same as in Germany. The duty on mutton is 1½*d.* per pound, with a surtax of 25*s.* per ton where the meat is not imported direct from the country of origin. Hence, if any Australian mutton is first sent to England and then on to France; it has to pay a higher duty. At one time there was the prospect of considerable development in the tinned meat trade of Australia, especially with Germany, but the importation of this class of meat is now entirely prohibited. In France, tinned meats are allowed to be imported; but the duty of ¾*d.* per pound for direct shipment with the other charges on the tins and on the cases, brings the duty to nearly 1¼*d.* per pound. The policies of other countries of Europe follow on much the same lines. Where a nominal duty is insufficient to keep out our products, the agrarian party obtains the imposition of sanitary and port regulations which effectually prevent any importation of meats and dairy produce whatever. These details I fear are rather tedious to you, but they are very practical to us.

Mr. ASQUITH: These are the very things we want to get.

Mr. DEAKIN: They show what we have to face in other markets.

Mr. ASQUITH: In reference to what you have been saying, let me call your attention to two or three figures as regards Australian trade with Europe. The total Australian exports to foreign countries in the year 1891 were 7,725,000*l.*; in the year 1905 they were 17,619,000*l.*; in other words, they had increased between two and three times. In the corresponding years in 1891, the Australian exports to the United Kingdom were 25,500,000*l.* in round figures, and in 1905, 26,700,000*l.*, an increase of $\frac{1}{25}$th. It hardly looks as if you had been blocked out of the European market.

Mr. DEAKIN: You have been blocked, in our opinion, from anything like your fair share of our natural increase. Apart from the purchases which they make from us because they are bound to make them, there was no reason why your proportion of our trade should not have been increased also.

Mr. ASQUITH: I was dealing with the argument that you were being excluded from foreign markets. Take the markets you have mentioned—Germany and France. 1891 seems to have been a low year, and therefore I will not take it for Germany, but I will take 1892.

Sir JOSEPH WARD: I think that is wool, chiefly.

Mr. ASQUITH: I have here only the total exports.

Sir JOSEPH WARD: That is chiefly wool.

Mr. ASQUITH: No doubt, chiefly wool.

Sir JOSEPH WARD: That is wool, a great proportion of which formerly came to London for sale, and was then transferred to the Continent, but their own steamers take it direct there now.

Mr. ASQUITH: Be it so. I only want the fact. For Germany the total was 1,770,000*l.* in 1892, and last year 5,088,000*l.*; for France it was 1,857,000*l.* in 1892, and 5,762,000*l.* in 1905.

Sir WILLIAM LYNE: Does that include minerals?

Mr. ASQUITH: I think so.

Mr. DEAKIN: Our wool and ores are taken to Germany to be smelted. We mine, but unfortunately do not manufacture them. If you take out the wool and the ores, you will find next to nothing left. The German manufacturers are using more wool. Their woollen manufactures are growing. They have a high standing in metallurgy, and take our ores instead of you.

Mr. ASQUITH: You could not send all that wool here, could you?

Mr. DEAKIN: We send about 10,000,000*l*. worth. Formerly that was bought here, or a good deal of it, for them; now they buy direct.

Mr, ASQUITH: No doubt it goes direct there.

Dr. JAMESON: Your argument would be that you could not send that wool here if the German manufacturers did not come here.

Mr. DEAKIN: There is a great deal I would like to say on this point, but feel I am saying so much already.

Mr. ASQUITH: Not at all. I thought you would not mind my pointing out, in passing, that your total exports to foreign countries have increased from 7,000,000*l*. to 17,000,000*l*.

Mr. DEAKIN: No doubt; Australia is very dependent at the present stage of its development on the export of raw materials, and these are raw materials. These are not affected by our fiscal policy or by German fiscal policy, because it does not pay them to do it; but if they could deal with our wool and ores as they deal with our meat or any of our manufactured products, none of them would go into Germany. They are taken, at the present time, in order that their manufacturers may be supplied. They turn our wool into cloth, smelt our ores, and manufacture them into machinery, or into pig iron and send it out to us to compete with your iron. Their tariff is framed directly in their own interest. It is to their interest to get wool and ores, and, therefore, they take them. It is not in their own interest to take manufactured goods, and, therefore, they do not take either yours or ours.

Mr. ASQUITH: And, as you are largely producers of raw material, you are not injured by the German tariff to that extent?

Mr. DEAKIN: No, but we are injured in regard to the foods which they decline to take.

Mr. ASQUITH: What do they do with your wheat?

Mr. DEAKIN: They take some, but not much. Germany, like France, is still largely an agricultural country.

Mr. ASQUITH: It imports a good deal.

Mr. LLOYD GEORGE: Germany imports more than France.

Mr. DEAKIN: Yes; but both France and Germany, in contrast with Great Britain, are agricultural producers themselves.

Mr. LLOYD GEORGE: There is increased importation of wheat every year in Germany.

Mr. DEAKIN: I should think there would be owing to the development of their manufactures.

Mr. ASQUITH: And the increase of their population.

Mr. DEAKIN: Yes, their population has increased very materially with the increase of employment.

Mr. ASQUITH: I only interrupted to clear it up as we go along.

Mr. DEAKIN: Quite so. Fiscal questions interest us a great deal, and I was rather afraid how far I should travel if I did not limit myself to one line of argument. I am speaking now from notes.

Mr. ASQUITH: This concrete part, if I may venture to say so, is most important.

Mr. DEAKIN: Without going further into details or multiplying proofs, it may, therefore, be broadly asserted that Australia obtains fair play from no foreign country. Until a different attitude is adopted by such rivals our chief hope of expansion lies in the further development of the trade we already enjoy with the Mother Country. Although we receive neither more nor less consideration here than they do, it would be well worth our while to enter into an equitable arrangement with you to do so, if only because of the business possibilities of that trade. Your market is a very valuable market and an open market, while their markets, however valuable, in great degree, except for raw materials and only for some of those, remain closed markets. The next question is whether we are helpless, whether we have no means left to us of protecting ourselves and helping each other against the offensive action of foreign rivals. From the latest published returns it would appear that Britain and British possessions purchase annually goods to the enormous value of 800 millions sterling. Out of this sum the share of the Mother Country alone amounts to 565 millions, of which, it may be said in passing, only 50 millions are at present the subject of any duty.

A careful analysis of the imports into Great Britain has been made for me, and from this it would appear that, excluding wool from the 565 millions just referred to, 213,000,000*l.* represents the value of produce which Australia could supply wholly or in part. At the present time, the import of Great Britain from Australia of these goods is not more than 10,000,000*l.*, while produce to the value of 42 millions is obtained from other British possessions. This shows that the share of foreign countries in British trade is 160,000,000*l.*, that is to say, more than 16 times that obtained by Australia, and between three and four times that of the whole of the British possessions taken together. As I have said elsewhere, in modern markets it is the seller who

is the courtier—the buyer is king. That is the key of the situation. The possession and exercise of this huge purchasing power furnishes a strong instrument by the courageous but cautious use of which justice could be secured to British goods and to goods of the Colonies, especially if the whole Empire were to combine as one. We need dread no retaliation nor employ anything like the whole of the authority which our purchasing power carries with it. A mere exhibition of readiness to use it on occasion would enormously improve our opportunities, and to our minds your opportunities, and might most materially multiply ours at the same time. So far as we must import, it would seem to be true Imperial patriotism to favour Great Britain with our custom, and so far as Great Britain must import, that she should obtain her goods from her Possessions beyond the seas. This would be real and effective patriotism with or without duties against foreigners. A decay of British trade means the decay of British power and prestige, but it is idle to expect that individual efforts alone can accomplish either unity for the defence of our territories or unity in the defence of our trade. Only our several States can act effectually and to act effectively, they must act together.

Preferential trade and retaliation against foreign countries which penalise our trade are among the several means by which the Empire can recover its loss of ground and prevent further loss to its material interests. So far as Australia is concerned the advantages of receiving preferential treatment from Great Britain are too obvious to require demonstration. Allusion has, however, been made to the produce imported into the United Kingdom which Australia might supply, because an extension of our export trade is absolutely necessary for us in the present state of our development. The position of Australia is, in some respects, unique. It has an immense undeveloped territory and resources, but a small population occupying that territory, and, consequently, a very limited home market. Moreover, as the Australian population increases very slowly in proportion to its sphere and opportunities its home market is not expanding equally with the development of its industries. Out of 2,000 million acres within its territory there are less than 9½ millions under cultivation, and this area could be added to almost illimitably. Its total production, both of primary and secondary industries, amounts to 128,000,000*l.* sterling, and of this quantity not more than 71 millions sterling are required for local consumption. It is, therefore, plain that if further development is to take place, especially in the primary industries of the country, one essential factor of that development is the opening up and maintenance of outside markets for its produce. It is also plain that the peopling and development of Australia makes for the strengthening of the Empire in men and means, in trade and in national power.

The first resolution recorded on this subject by the Conference of 1902 is an emphatic recognition and declaration of this all-dominating consideration. The prominent politician here who said lately that you had greater financial interests in the Argentine than in Canada afforded another illustration of the precept that where the treasure is there will the heart be also. He also suggested the imperative necessity of putting our treasure within the Empire if we are to retain the patriotism of those who are governed by such a strange Imperial doctrine.

Allusion has also been made to the present state of the Australian export trade. I have obtained since my arrival, through Mr. Coghlan, Agent-General, and formerly Government Statist of New South Wales, a summary of the principal products which Great Britain imports from abroad, and in which Australia is interested. It has already been pointed out that the volume of such imports is 213 millions sterling out of a total import of 541 millions, 24 millions' worth of wool not being included. If the Commonwealth could secure, as with her immense natural resources, she ought to secure, any

considerable portion of the trade of Great Britain now in foreign hands, her position would most certainly be assured. What, however, is her actual position? Excluding wool, Australia supplies considerably less than 3 per cent. of the goods imported into England, while the share of the foreign countries amounts to 80 per cent.; and even if wool be included, Great Britain's imports from Australia do not exceed 4¾ per cent. of the total. Is there any point of view from which this condition of affairs can be deemed natural or desirable?

The question that is coming home to Australia is: Can the Commonwealth without preference in the British markets retain even its present trade? And the answer undoubtedly is that without fresh efforts and a new policy it cannot. Foreign countries, by means of liberal shipping bounties and concessions in railway tariffs, are already placing their goods in competing markets at lower rates than Australia can do under present conditions, and one country at least, Denmark, Australia's most formidable competitor in the supply of butter, has a concession of low freights for its produce on certain British railways. This concession, with others of an equally important character, enables the Danish farmers to compete successfully with the products of British origin. It is apprehended that even our present small outlet in Great Britain will be effectually threatened, so that if we are to retain our present markets, it is most essential that we should get at least as favourable concessions as foreign countries obtain. If we are to expand our markets, and to place ourselves beyond the reach of foreign aggression, preferential treatment must be obtained. Preferential trade would enable Australia to secure a large portion of the British trade, many lines of which are now largely or exclusively in foreign hands, with the result that there would be a more rapid development of the territory of the Commonwealth, an increase in its population and wealth, and a large increase in its home market for manufactures, to the manifest advantage of those engaged in various forms of productive industry. Upon the enormous gain to the Empire as a whole from the settlement, population, and development of its immense territories, it is unnecessary to dwell. There are no such opportunities elsewhere, and there is urgent need of their immediate utilisation. We are and shall continue to be far your best customers.

Taking some of the items in which Australia is interested, the opportunities for expansion will be clearly seen. There is imported into Great Britain annually butter to the extent of 207,000 tons. Of this large quantity, 155,000 tons comes from foreign countries and 52,000 tons from British possesions, Australia's portion being but 24,000 tons. Under a preferential duty it is most probable that the British possesions could secure half the trade now in foreign hands. If Australia obtains only one quarter of that new trade she would be able to add to her exports 19,000 tons of butter valued at 2 millions sterling, which would mean the direct employment of 41,000 persons. The import of cheese into Great Britain, which is almost entirely in the hands of Canada, amounts to 6,350,000*l*., to which Australia contributes to the extent of 1,000*l*. only. Here again is an opening for trade which preferential treatment would greatly widen.

The imports of wheat and flour into the United Kingdom amount to 41¼ millions sterling annually, and of this quantity Australia sends only 4,300,000*l*. Given a certain market, such as would be open to us if Great Britain granted a slight preference on wheat, we might easily expand our imports to four-fold their present average, and send away 70,000,000 bushels every year. Of other grains, principally oats, barley, and maize, the imports of the United Kingdom are valued at 29 millions sterling, to which Australia contributes an insignificant 9,000*l*. There is no reason why we should not export maize, which grows well in New South Wales and Queensland, as well

as oats and barley, which grow prolifically on the highlands of all the States, and obtain some share of the 29,000,000*l.* now paid to foreign countries. If we secure only one-fifth of this trade, employment would be found for a large number of farming hands, and if our export of wheat only reached the figure of 8,500,000*l.*, or twice the past year's total, and other grains 5,000,000*l.*, as they might very well be expected to reach under a slight preference, this would mean the additional employment in the Commonwealth of 200,000 persons. All of these would be purchasers of British goods, far larger purchasers than foreigners are, and of the goods you most wish to sell. Under preference we could obtain all our over-sea requirements within the Empire.

The trade in meat and livestock offers wonderful possibilities. England imports bacon to the value of 12,750,000*l.*, other meats 25,750,000*l.*, and live animals for food 10,000,000*l.* The total trade amounts, therefore, to 48,500,000*l.*, and of this Australia supplies only 1,750,000*l.*, or less than 4 per cent.; while under a scheme of preference no limit could be set to its possibilities.

Mr. ASQUITH: I think no bacon comes from Australia?

Mr. DEAKIN: Practically none.

Mr. ASQUITH: Why is that?

Mr. DEAKIN: As far as I understand the market is already in the possession of Canada and the Argentine.

Mr. LLOYD GEORGE: I should say the United States of America send a lot?

Mr. DEAKIN: Yes, a great share.

Mr. ASQUITH: Canada has a very large bacon export.

Mr. DEAKIN: As regards fruit, produce to the value of 10½ millions sterling is imported annually into England, and of this Australia sends only 240,000*l.* Of course, I am looking at the Australian trade all through. Many other articles could be enumerated which, under a preferential arrangement, could be exported from these States, but the articles named sufficiently illustrate the possibilities of Australian development. The French tariff shows how other countries foster their Colonies. In the north of Africa the French have the Colony of Algeria, and the Protectorate of Tunis, and it is to be expected that, sooner or later, Morocco will come under French dominion. With a view of developing French interests in these countries, their grain is admitted to France duty free, while against other countries an import of 12*s.* 3*d.* per quarter is levied. France is, therefore, already doing for its Colonies what England is hesitating to do. It is clear that so far as its external markets are concerned Australia has much to gain by preferential treatment on the part of the Mother Country, nor is it obvious what it is possible for her to lose if she in turn gave preference to the produce of Great Britain. Canada, South Africa, and New Zealand all give preference to British goods, and their export trade to foreign countries has not been prejudiced thereby. The direct benefits of preferential trade have been plainly indicated, but there are indirect advantages, especially to the Mother country, which are worthy of consideration, particularly from the point of view of the Colonies as a

field for British immigration. England imports from Germany and America three times the value of goods which she exports to these two countries, and it therefore may be taken in a general sense that England's foreign trade creates three times the amount of productive employment in Germany and America that it does in England itself. The British people, therefore:—(*a*) Pay the foreign farmer instead of benefiting its own people beyond the seas; (*b*) Pay the foreign railways for the carriage of the goods which it imports; (*c*) Pay foreign ships instead of British ships for the carrying of this merchandise. These are three very important considerations, especially the last. On the mercantile predominance of Great Britain depends its Naval supremacy, and upon Naval supremacy depends the security of the Empire. By their huge trade with foreign countries Great Britain and its possessions are helping to build up large foreign merchant navies which may be used hereafter to undermine the strength of the Empire, for it should never be forgotten that all Foreign Powers subsidise their mercantile marine with the view of relying upon it as a Naval Reserve in war time.

Sir WILFRID LAURIER: I am afraid we must adjourn now, as we have an engagement at one o'clock.

Mr. DEAKIN: Yes, I had hoped to finish this morning. I shall not take much longer.

CHAIRMAN: We will resume this to-morrow.

Adjourned to to-morrow at 10.30 o'clock.

Ninth Day.
1 May 1907.

NINTH DAY.

HELD AT THE COLONIAL OFFICE, DOWNING STREET,
WEDNESDAY, 1ST MAY 1907.

PRESENT:

The Right Honourable THE EARL OF ELGIN, K.G., Secretary of State for the Colonies (President).

The Right Honourable Sir WILFRID LAURIER, G.C.M.G., Prime Minister of Canada.

The Honourable Sir F. W. BORDEN, K.C.M.G., Minister of Militia and Defence (Canada).

The Honourable L. P. BRODEUR, Minister of Marine and Fisheries (Canada).

The Honourable ALFRED DEAKIN, Prime Minister of the Commonwealth of Australia.

The Honourable Sir W. LYNE, K.C.M.G., Minister of Trade and Customs (Australia).

The Honourable Sir JOSEPH WARD, K.C.M.G., Prime Minister of New Zealand.

The Honourable L. S. JAMESON, C.B., Prime Minister of Cape Colony.

The Honourable Dr. SMARTT, Commissioner of Public Works (Cape Colony).

The Honourable F. R. MOOR, Prime Minister of Natal.

General The Honourable LOUIS BOTHA, Prime Minister of the Transvaal.

Mr. WINSTON S. CHURCHILL, M.P., Parliamentary Under Secretary of State for the Colonies.

Sir FRANCIS HOPWOOD, K.C.B., K.C.M.G., Permanent Under Secretary of State for the Colonies.

Sir J. L. MACKAY, G.C.M.G., K.C.I.E., on behalf of the India Office.

Mr. H. W. JUST, C.B., C.M.G.,
Mr. G. W. JOHNSON, C.M.G., } *Joint Secretaries.*

Mr. W. A. ROBINSON,
Assistant Secretary.

ALSO PRESENT:

The Right Honourable H. H. ASQUITH, M.P., Chancellor of the Exchequer.

The Right Honourable D. LLOYD GEORGE, M.P., President of the Board of Trade.

Mr. W. RUNCIMAN, M.P., Financial Secretary to the Treasury.

Mr. H. E. KEARLEY, M.P., Parliamentary Secretary to the Board of Trade.

Sir E. W. HAMILTON, G.C.B., K.C.V.O., Permanent Financial Secretary to the Treasury.

Mr. H. LLEWELLYN SMITH, C.B., Permanent Secretary to the Board of Trade.

Mr. A. WILSON FOX, C.B., Comptroller-General of the Commercial, Statistical, and Labour Departments of the Board of Trade.

Mr. G. J. STANLEY, C.M.G., of the Board of Trade.

CHAIRMAN: Mr. Deakin, will you resume?

Mr. DEAKIN: Lord Elgin and gentlemen, I should like to say in the first place that the *précis* which appears in the newspapers this morning was very kindly submitted to me yesterday afternoon, and I am responsible for it. It appears, however, that some attention has been called to the figures quoted, probably an error due to a misprint. I have also to say that not reading the whole of the manuscript, there is one sentence in it which I should certainly have altered, because I did not use the phrase, and would have carefully avoided using it. It is that in which I refer to a power of this Empire to bring foreign countries to their knees. I certainly laid great stress on the power of this country, but avoided, as far as my memory serves me—and I certainly intended to avoid—any expression of that kind, which, although it might be a summary of my argument, is conveyed in a form that I prefer not to adopt. But, as I have said, the responsibility is mine; the *précis* was presented to me and that I did not read every sentence of it was my own fault.

Yesterday I was endeavouring to bring to a conclusion my criticism of preferential proposals or possible preferential proposals having regard to the circumstances of Australia. I necessarily dealt in figures, but with the proportions of totals, rather than with the totals themselves. In the Commonwealth, though the increase of population has been much smaller than we could have desired, the extension of settlement and advances in production have proceeded by leaps and bounds. In recent years, owing largely to improved methods of cultivation and machinery better adapted to our agricultural conditions we have had immense increases in our exports. These, of course, have affected every branch of our business—imports as well as exports. You have to look at the figures relating to Australia always with the recollection that you are considering a community that, taking any period of years together, is marching onward with very rapid strides, always buying much more and selling much more as it grows. If you look, therefore, at our gross totals, you will say that these appear satisfactory and, subject to the qualifications which follow after any analysis of totals of that general kind, are satisfactory. If you look, therefore, at the totals of our trade either with the Mother Country or with foreign countries, you will notice large increases, though I have passed these by—and perhaps it was an omission—without calling attention to them. All our figures up to now must be dealt with recollecting that they relate to an ascending scale. It would occupy far more time than I would be justified in occupying, even after attention had been called to them, in order to dissect those figures so as to determine their particular applicability to special issues. It seems sufficient, and I hope it will prove to have been sufficient, to adopt the percentage method instead. Hardly referring to total trade, I have referred always to its ratio, its progress, its distribution. Again, in considering the question of the possible gains to

be derived from doing more business between the Mother Country and the Colonies, I have followed the percentage system as one from my point of view more accurately representing the trend of the distribution of that business between the Mother Country and foreign nations. There has been an increase in the gross total of both, but it is only by comparing them thus that we arrive at the true view which I was endeavouring to reach.

My argument, as far as I remember it, when our proceedings yesterday closed, related to the possible effect of preferential trade not only upon ourselves, but upon those with whom we do business. If a fair proportion of the 565 millions sterling, which is Britain's vast outlay for imported goods, came to British Colonies, it would tend greatly to increase their wealth and strengthen the British and Colonial navies, and the Empire as a whole. British manufacturers are the greatest consumers of Australian raw produce, and their prosperity means the promotion and development of the Commonwealth, while the success of the foreign manufacturer does not necessarily benefit the Australian producer. In the consideration of this question it should be borne in mind that foreign countries would, if it were possible for them to do so, follow America's example, and shut out from their markets the raw material which we now send them, while by heavy subsidies and other means, they are already ousting British products from our markets. The intensity of the contest for markets on fair terms between the nations to-day is but one phase of a contest for influence and authority, for prestige and effective power, which proceeds day by day and year by year with increasing energy. It is a wrestle between rivals for supremacy—a supremacy accompanying the expansion of the successful Power—an expansion which means a corresponding contraction of its competitors, means of resistance, the depression and deprivation of their trade, and perhaps ultimately their absorption or extinction.

There is, of course, no complete analogy between the proposals for preferential trade within the Empire and the trade arrangements and conditions of other countries, but then, again, no empire ever existed which really resembles that of Great Britain in its present stages of development. There is, perhaps, some slight analogy in the German Zollverein. This Zollverein was established because the producers of the different German States found that they were suffering from the policy of isolation which each of them then followed. They had erected tariff barriers between their purchasers which prevented them from becoming one people—a nation with a national policy and inseparable destiny. A customs union throughout the Empire was, therefore, brought into existence, and the foundation was thus laid for the present German developments, industrial, social, and Imperial. It is true that the German States all lie together, but this does not in any way impair the principle of Preference or the effect of its operation except so far as distances amend it, and these, nowadays, are practically diminishing every decade. As Lord Salisbury pointed out in 1887, the mere separation by sea is no permanent obstacle to commercial unity.* It must never be forgotten that under existing conditions, and while they last, the purchasing power of the British Empire is immense, and the possession of this purchasing power—to which I venture to make one more illusion—is the potent instrument by which we believe justice can be secured to British goods and the goods of British Colonies; that is to say, if the whole of the British Empire were to combine. The want of unity of the different parts of the Empire enables foreign countries to adopt various courses inimical to British interests, individual and collective, that is to say, looking at its dominions individually, or taking them as a whole. If retaliation were in prospect against foreign nations which now refuse to buy our goods on equal terms with those of other nations, the discriminators would gladly

* [C. 5091] p. 5.

treat with the British Empire for the sake of gaining or retaining some part of its immense trade. I do not go anything like so far as to say that they would be brought to their knees, but I do go so far as to say that some of the illustrations which were yesterday put forward of the manner in which our exports are differentiated against in certain markets could not continue. So long as we are content to ignore those differences and not to insist upon at least equal treatment for our products, we shall fail to obtain the consideration which much smaller nations with a purchasing power in no way comparable to ours actually have obtained and are obtaining to-day by means of relatively inconsiderable concessions. One instance I think has occurred which will be more familiar to Mr. Asquith and his colleagues than it is to me, in which there was a proposal on the part of France, or a proposal likely to be adopted in France, which would have indirectly affected Indian trade. I think it affected coffee or some similar exports, when a strong remonstrance from the Indian Government, backed up by an indication of possible action on its part brought about an agreement in which, in return for a concesssion relatively quite of a minor character, this dangerous and threatening proposal was withdrawn. That occurs to me—I think something like that happened—as one illustration of a method of dealing with tariff discriminations, not as if there were no other contingency save acceptance, but in an ordinary business fashion, on familiar business grounds, without stepping outside the field of fair commerce. We are able to do that in many cases. Certainly if I sought for illustrations I could find them plentifully in the experience of other nations where concessions on one side have been balanced by concessions on the other. That is well known.

The power possessed by the British Empire over foreign nations by its possession of a great market—a market to be opened or closed to some extent or any extent—is little realised, but the most casual observer must recognise the strength of the Empire's position, which is certainly enormous, should all its component parts, combining together, use their power to meet the fiscal attacks of foreign nations upon any portion of the Empire. It is a case of all for each and each for all. This has been illustrated to some degree by the retirement of Germany from its position of antagonism towards Canada, which was assumed when Canada granted preference to the British manufacturer. So far as I understand this event, the retreat of Germany took place when it was obvious that behind Canada (to some extent, at all events) was the world-wide force of the British Empire. Bargaining between Germany and Canada appears to be now in contemplation, and whatever may be the result, it is perfectly certain that far better terms will be obtained by a Dominion or by an Empire which has shown its power to resist and its determination to meet discrimination by discrimination. The treatment intended for Canada would be meted out to Australia, if the Commonwealth were to stand alone; its trade and wealth would not be sufficient to resist aggression. By itself the Commonwealth would be ineffective to break down the barriers which foreign countries might choose to erect against its trade; combined with the Empire its position like that of every other portion might be made impregnable.

The moral right of any country to exercise retaliation cannot now be denied, and nearly every country in the world exercises it at the present time. Russia quite recently retaliated against Britain for its tax on bounty sugar by placing on Indian tea an extra duty, which duty remains in force because the Empire has not resisted it. Germany has retaliated against the United States, the United States against Germany, until an arrangement between them appears imminent. An arrangement which, whatever its nature may be, will have been undertaken as between equal contracting parties. The contracting parties are not equal while one of them on some theory of its own accord holds its hands behind its back. All foreign countries

adopt the principle of the most favoured nation treatment to those who are willing to offer them concessions, heavier duties being imposed where concessions are not forthcoming. What I wish to suggest by this line of argument is not the adoption of an aggressive commercial policy any more than in other foreign affairs, but merely an indication of a freedom and a willingness to use the powers which each nation possesses in regard to its trade and commerce and the terms on which it admits the goods of other countries. We should not allow these to lie aside like rusty unused weapons, but to hand and ready for use on occasion, employing them as they have been employed by Germany and the United States and other peoples, in order to secure fair business—no more than fair business. I am not for a moment advocating that because the Empire has a giant's strength it should use it tyrannously like a giant in relation to small foreign communities, or large ones, but merely that its possession of power should carry with it a responsibility for its exercise at need. We should be quite prepared to take whatever steps may be required to free us from obviously unfair competition in other markets, and to secure our people fair competition all round.

If the nature of the whole of the commerce of the Empire be examined, as Sir Edward Law examined that of India, it will be seen that Great Britain had very little to fear from retaliation. Germany may be taken as one example. Last year 61,000,000*l.* of German exports went to British possessions. Could Germany retaliate against Great Britain for any preferential treatment which it may give to British Colonies, and thus put itself in danger of losing its present business, while 23 per cent. of the whole German export trade is carried on with different parts of the British Empire? The United States of America may be cited as another example. Every year the States send Great Britain and its possessions goods to the value of 175,000,000*l.*, while the import of British goods into the United States does not amount to within 100,000,000*l.* of this sum. It is most unlikely that the United States would risk losing so vast a volume of trade, amounting, as it does, to considerably more than half of its own export, in an attempt to penalise Great Britain for exercising the same policy of preference which the United States hold themselves free to adopt in regard to their own possessions, and even to other States with which they make reciprocal treaties.

What may be fairly contended for in the present stage of the discussion in regard to preferential trade and fiscal retaliation, is the recognition that the principle which these phrases embody, whatever extension may be given to it, is a proper one to apply in the existing condition of the commercial relations of the foreign countries with Great Britain and its possessions. It is not as yet necessary to propound a definite schedule, which must in details be largely a matter of mutual arrangement, differing almost with every country dealt with, and with the same countries at different times, but it may be glanced at to meet the objection, frequently heard, that however right the principle of preferential trade may be in theory, in practice it could not be applied to the Australian States. It is perfectly true that, as the second resolution of the Conference of 1902 indicated, it is not possible for the Commonwealth to abolish its customs duties, or reduce them in the aggregate in any considerable measure. What is possible is discrimination and readjustment in both countries by reciprocal concessions. It is and will remain necessary that at least the present amount of revenue should be obtained in Australia, but this allows ample room within which preference may be given to British imports. In the first place, out of our total import in 1905 of 36,796,346*l.* (excluding specie), 12,521,766*l.* or 34 per cent., were free goods. That is notable in itself. In addition to this imports to the value of 11,000,000*l.* odd were dutiable at 15 per cent. and under, so that two-thirds of our total imports were in these categories. 15 per

cent. with us ranks as a very moderate duty, indeed, in most cases. Of course, rates of duty, as the Chancellor of the Exchequer and all authorities know, vary immensely. 15 per cent. might be extremely heavy on one article, but very light on another, but on many of those articles to which our 15 per cent. applied, speaking generally with the United States and foreign tariffs in mind it may be regarded as relatively a light duty. Our rates of duty, including stimulants and narcotics, to-day only average 16·8 on dutiable merchandise, and 10·8 on all merchandise, whether free or dutiable, taken together. Here are wide margins for concessions.

Now, as regards the modes of preference to British goods, it is obvious that the Commonwealth may proceed either to lower existing duties in favour of Great Britain, or to increase these duties to the foreigner. This latter course has been followed in Canada, New Zealand, and South Africa, and probably in no perceptible degree influences the amount of duties collected. The immediate object of preference in our case would be to exclude foreign goods and to favour British goods. On a more general view, and subject to this, its object is to obtain fair terms abroad where fair terms are granted by us. It is natural, then, that the extent of the preference should be such as to be calculated to accomplish the first of these objects, that is, the cessation of importation of foreign goods, and an increase of present duties would seem to be the best means to achieve this end.

But the increase of existing duties is not the only weapon available. It is also open to the Commonwealth to use its present free list as a means of preference towards the Mother Country. A free list which runs to nearly 34 per cent. of our total imports, affords a wide field for preference, far more extensive than is found in the foreign countries with which we trade. More than half the imports that come in free are from foreign countries. If the Commonwealth were to make British goods alone entitled to a free list, making foreign goods now in this class dutiable for the future at the rate of 10 per cent., there would hardly be any question but that Great Britain would in a very short time acquire almost the whole of the trade in the goods which she produces that are now wholly free in Australia, derived from foreign countries. An increase of local production must, of course, be allowed for where our circumstances are favourable, though the nature of our industries in their relation to the general circumstances of our new and sparsely peopled country modifies the inducements offered in many cases. An inspection of the list of goods not subject to duty in Australia will show that very few of the articles enumerated therein are neither produced nor produceable in Great Britain. The adoption, therefore, of this course would probably be attended by an immediate diversion of trade from foreign goods to British goods, and having regard to the fact that one-third of our tariff, or one-third rather of our imports would be operated upon at once, or such part of that third as Great Britain is capable of producing, this is in itself a very considerable opportunity.

Taking into account also the other section of our tariff, in which the duties are under 25 per cent., it is easy to see that we have by no means as yet put to practical use the opportunities for retaliation which we possess in this direction, for reasons to which I will allude in one moment. The adoption of a similar policy on the part of the Mother Country towards the Commonwealth would certainly bring with it a considerable addition to our trade. I am assured by an authority that a substantial preference to the goods of Great Britain in our markets would result in an increase of British trade with Australia to the extent of, perhaps, 50 per cent. This would be the effect of substantial preferences and substantial preferences are contemplated by the third Resolution of the Conference of 1902. "That with a view to promoting

"an increase of trade within the Empire it is desirable that the Colonies "should as far as circumstances permit give substantial preferential "treatment to the products and manufactures of the Mother Country."

The fourth Resolution arrived at in 1902: "That it is desirable that the "preferential treatment accorded by the Colonies to the products and manu- "factures of the United Kingdom be also granted to the products and "manufactures of other self-governing Colonies," has already been given effect to in a certain measure; and proposals are now in course of consideration, or are likely to be soon in course of consideration, which would still further extend this very desirable means of interlocking the several self-governing dominions of the Empire. I shall not repeat it, but of course, the whole tenour of the argument which I have been endeavouring to maintain applies with equal force to arrangements of this character. Owing to the similarity of our circumstances, none of these could have the scope or the value of an arrangement made between any or all of them and the Mother Country if such were possible. But, nevertheless, small as these imperial reciprocities may be, they are useful. It is perhaps not altogether beyond the horizon of the immediate future to forecast a time when, from year to year, or at short periods, some body or committee of experts will review the trade of the Empire as a whole in order to see if fresh opportunities could not be found for directing population and trade, not only from the Mother Country to the dependencies, but between those dominions themselves, in order to knit us together each and all. At all events, that would be a perfectly proper and wise business transaction. Broadly stated, such a prospect may appear to arouse expectations difficult to realise, but so far as I am acquainted with the history of our Parliaments of the British Empire, they have existed, and continue to exist, by overcoming difficulties. A reversal of a forward policy, by way of surrender to difficulties of this or any other kind would be fatal. I am sure it is not contemplated by either of the parties in argument on this subject. What we would urge in this connection is our obligation at all times to consistently pursue a close examination of the opportunities for inter-Imperial trade. Even if they cannot be found, or cannot be found in such abundance as we would desire, the time which is spent in seeking for them would be far from wasted, and would be greatly appreciated by those whom it was desired to help. I cannot see that any people held together by the many ties which have constituted us the nation we are to-day can lose. It appears to us that there are many directions in which it could gain by a recognition of the high value of the growth of a sense of corporate unity, the growth of a sense of mutual dependence between British peoples, coupled with a recognition of the difference, and sometimes of a great difference, between the demands which may be made upon each of our dominions and the Mother Country between themselves, and those made upon us by foreign countries. There are communities whose strength may at times appear to be intended to become a menace to the whole or parts of this Empire, and surely it cannot be maintained that a trade with them which is one half to their advantage, to which they are parties, and of which they therefore share the advantage, is comparable from a national point of view to the trade with those of your own flesh and blood, under your own flag, with whom it is your interest in the face of such rivals to strengthen yourself by every possible means in your power?

Repeating for the last time that the Commonwealth postulates your absolute independence in the judgment you are to exercise, and adding that we are not pleading for something which is to involve sacrifices, but for a co-operation which is to be mutually beneficial—repeating that for the last time—surely the endeavour to look at this question from what I have termed a corporate point of view, and the endeavour to secure corporate action,

can be productive of nothing but good. This would be the best possible means of bringing about a better understanding between us all, of removing uneasy apprehensions that we are neglecting valuable means of union, and of assuring us that if we do fail to find and use a path we can tread together it has not been for want of research or from want of consideration, or from want of the wish and will to take every step in our power making for the cohesion of the peoples now linked together, by what we hope are imperishable ties to which we would be glad to add, so long as it shall be in our power.

What may be termed the British view of British possibilities or of the condition and cost of any reciprocity, is not for me to discuss or even speculate upon. What I have attempted in brief has been the presentation of the Australian case from an Australian point of view, so far as it appears desirable to urge it upon this Conference. The policy is large, and the principle of that policy applies not only to trade and commerce, but is capable, as already suggested, of indefinite expansion. It might be discussed from many other standpoints, but I have been able, under the circumstances of personal pressure under which we are all conducting these discussions, to touch only those which appear to me pertinent here and now. The resolutions which have been submitted by the Commonwealth embody in very slightly different form those adopted in 1902, making them, as we consider, a little more explicit and comprehensive, but in no way departing from the principle then adopted.

It now remains for me, in response to a suggestion of the Chancellor of the Exchequer yesterday, to say a word or two in regard to the particular measure of preference which is included in this paper—Colonial Preferential Tariffs.* No such scheme of preference as I have been foreshadowing or discussing has as yet been formulated in Australia. The earlier years of our Federation—we are now in our seventh year of existence as one Commonwealth—have been filled with discussions of great difficulty and of absorbing interest, accompanied by not a few exciting changes and unexpected incidents of a Parliamentary character. Public opinion in our country still retains certain divisions, natural or artificial, which have to be surmounted before our efforts can be focussed in a national direction, but when you take into account the vast distances which separate us, it is no ground for surprise that in the seventh year of our existence as one political community we have not even yet entirely surmounted these Provincial divergencies which have existed, often in a very acute form, for the last thirty or forty years. The evidence of the last two general elections of the Commonwealth proves that we are moving steadily towards such a preference or such preferences as I have referred to, but we have not yet propounded a complete scheme of any of these on either basis; that is to say, neither as a one-sided preference tendered by ourselves, nor still less of the possibilities of a preference balanced by concessions from you. Our hope of an early reciprocity from the Mother Country has never been strong enough to encourage such a thorough study of possible tariff changes as would be necessary in drawing up proposals for a complete scheme. We have not even framed a finished plan for any preference, except in regard to New Zealand and South Africa. We made a beginning with these under very special circumstances.

Last year a Reciprocity Treaty was drawn up by the late Mr. Seddon, my colleague, Sir William Lyne, our Minister of Trade and Commerce, and myself, which required, among other alterations, increases of duties upon certain classes of imports from this country. To balance these increases as well as was possible at that time in our Session, we accompanied this proposal in respect to New Zealand with an instalment of preferential trade to you. It was explained at the time by me, when introducing it, to be

* *See* No. XXI. of [Cd. 3524]: Papers laid before the Conference.

an instalment only. It was not to be confounded with proposals for preferential trade even of an unilateral character which it was part of our policy to submit. The present Bill included merely that portion of our preference scheme which was pertinent at that time, which we could fairly ask Parliament to accept, although it was approaching not only the close of its Session under a great burden of work, but also approaching the close of the Parliament, and preluding an immediate appeal to the people. Neither the time of the Session nor the circumstances in which our Parliament then stood would have permitted us to launch a complete preferential scheme, even unilateral. As it was, this minor subsidiary proposal attached to the New Zealand Treaty was only put through in the last hours of the Session, and we were obliged under those circumstances to accept it. We were not only obliged to retain our own proposals in regard to British ships which we had proposed to remove from the Bill, when the Imperial Government unexpectedly pointed out to us that they involved a breach of treaty relations—we had to allow those to remain in spite of ourselves after that admonition, because one of our Chambers refused our request to withdraw that portion of the measure—but there was also another condition made in connection with white labour, which appeared to us and appears to us to be anomalous and out of place.

Mr. ASQUITH: That governs the whole, does it not?

Mr. DEAKIN: In what sense?

Mr. ASQUITH: The proposal only applies in so far as it is preferential to British goods, to British goods which are imported in British ships manned by white labour. That governs the whole?

Mr. DEAKIN: Yes. The proposal as to British ships was inserted in good faith without any suspicion that any treaties by which we were bound—and I am reserving that subject for further special consideration—would prevent its adoption. We would not have asked to withdraw our own proposal unless we had been moved thereto by a communication from the Imperial Government. Then, in regard to the condition as to white labour which was inserted, I think by a single vote, I pointed out at the time the impracticability of applying that restriction to this very limited proposal for preference; that it would be almost impossible to administer it, and asked the House to remove it; but in the last days and last hours of the Session, in circumstances with which all members are familiar, it became a question of taking the Bill as it stood—and even to get it to that stage had involved some fierce political fighting—or to abandon it altogether. We chose to retain the Bill. But it has to be remembered that the addition as to the white labour is not ours, that the requirement as to British shipping was introduced in good faith, and was an intentional limitation, it is true, but one which we adopted and approved, and still approve, because it appears to us another form of preference affecting British trade and fostering British shipping.

Sir WILFRID LAURIER: What do you mean by saying that this addition of the white labour was not "ours"?

Mr. DEAKIN: Was not that of the Government.

Mr. ASQUITH: It was that of the Legislature.

Mr. DEAKIN: It was that of the Legislature, but not of the Government, and it was that of the Legislature in the last days of the Session when time did not permit of its full consideration. In fact, the circumstances under which it passed, as I have said, not only at the close of the Session, but at the close of the Parliament, united to make it impossible for us to prolong our sittings with a view to its reversal, because, owing to the great distances that separate us, members were already leaving for their constituencies some 1,500 or 2,000 miles away. The House was therefore, in view of the General Elections, so to speak, disappearing by degrees, and there was not the possibility that would ordinarily have existed of obtaining the necessary time to reconsider it. The Government had no choice, as I have said, except either to lose the Bill or take it in its present form; we took the Bill under those special circumstances, but that measure will be entirely misunderstood if it be supposed that it expresses either the intention of the Government, or even, I will venture to say, the deliberate will of Parliament. Another reason why there was the less objection to the unusual course which we followed is that the new Parliament, which has since been returned and whose sittings have been a little postponed in consequence of this Conference, directly it meets will consider the revision of the whole of our customs tariff. In that revision of our customs tariff an excellent opportunity for reconsidering our position will occur, not only in regard to that Bill, but our position generally towards preferential trade from the Australian point of view. As soon as my colleague and I return, it will be our duty to lay before Parliament the proposals of the Ministry for an Australian tariff. One of the chief advantages of our presence here, and cause of our interest in this discussion, is because we could give almost immediate effect to any alteration that may be desired in our fiscal system. In Australia we are never very long without fiscal amendments of some character, but this is a major alteration implying a re-examination of the whole of our customs schedule. We shall have an opportunity, such as but rarely occurs, of reconsidering these questions and of dealing with them afresh. This is not the place, of course, to outline our Ministerial policy, except to say that it involves a reconsideration of this Bill. It was because it appeared to us best, both in order to bring the question vividly before the minds of the electors who were then about to be appealed to, and because it was the fairest indication of our own views of the matter, to accept that measure as it stood rather than consent to see it go with the "slaughtered innocents," that it was allowed to pass in its present form. It stands therefore as an adumbration or indication of what we are aiming at. It was never more than an instalment. It was never our proposal for preferential trade with Great Britain. It was simply one of those practical means of taking what you can get when you cannot get all you want, which have to be adopted continually in constitutionally governed countries. We thought it fair, we thought it necessary, when bringing forward the New Zealand Treaty, to give this slice of the preferential proposals affecting Great Britain, which we would have submitted completely if time had permitted, and quite independently of that Treaty. As it was they had to be dealt with together. The House had before it the changes for the benefit of New Zealand, proposed to be made in our customs tariff, coupled with certain changes which we believed would balance those changes, and more than balance them for your benefit. The one caused and conditioned the other.

It is hardly necessary to remind the Conference that preferences may be of all kinds, degrees, and extents. They vary and will vary from time to time

between the same parties, and even more greatly between them and other parties. The customs tariff which we shall submit will be framed on the same principle I have been enunciating here. Our first consideration will be that of the circumstances of Australia and its demands. The next will be the possibility of giving a preference and therefore entering into closer commercial relations with the Mother Country and our Sister Dominions. The third will be how far and in what degree it shall apply to foreign countries who single us out for special disabilities.

The larger trade exchange with the Mother Country towards which we look, ample in its proportions and immense in its possibilities, will be constantly before us, but the extent to which we can approach a complete mutual exchange will, of course, be governed by the attitude which is adopted here towards our proposals. I think I can fairly say that any encouragement we may receive will be met, not in a spirit of barter but with a desire to prove our appreciation of it and of our family relations.

Mr. ASQUITH: The arrangement with New Zealand did not go through?

Mr. DEAKIN: It did not.

Mr. ASQUITH: What caused it not to go through?

Mr. DEAKIN: Because it was laid aside in the New Zealand Parliament.

Mr. ASQUITH: They would not have it?

Mr. DEAKIN: No. You will remember the circumstances which in part account for that. The treaty was made by Mr. Seddon during the absence of the present Prime Minister of New Zealand in the Mother Country. Mr. Seddon's death unfortunately followed a few days after the final signing of that treaty. Consequently when Sir Joseph Ward returned and re-formed his administration, he re-formed his policy, for reasons of which he is the best judge and of which we do not complain, deciding that in the interests of New Zealand the treaty should not be given effect to.

Mr. ASQUITH: And the Legislature took his view?

Mr. DEAKIN: The Legislature took his view, and that treaty was not adopted. But the probabilities of some substituted arrangements are, I may say, present to my friend, Sir Joseph Ward, as they are to myself, and are among the measures now in contemplation. I may also say that, vexatious as the loss of that treaty was, and vexatious, if not more vexatious, as was the clipped condition in which our Bill passed—whether it be owing to our youthfulness or our inexperience—we take these reverses without great discouragement. We believe that a current of public opinion is setting in the direction of reciprocity, and that as we proceed it will take the same course more strongly. I am confident that it will be quite possible to make another treaty with New Zealand, which, however modest its proportions may be, if they are not quite on the scale that Mr. Seddon and myself

hoped, will yet be advantageous. I am equally confident that we shall be able to put the Bill now in suspense in such a shape that it will prove acceptable to our Parliament and people. We meet these reverses and disappointments, if not more frequently than larger Parliaments, bearing them more lightly. We face them more cheerfully, because our methods of politics permit us to face the same questions again in a comparatively short time. If we do not succeed this year we will next. A project in our country is rarely crowded out. Our hands are freer. I merely mention this as a reason why we do not regard this situation as seriously as such circumstances in this country would be regarded. A lost opportunity here does not perhaps recur again for years, but with us it may recur in a few months, or it is a rather unusual delay if it does not happen the next year.

The papers before you show we have accomplished with South Africa what we hope to accomplish with New Zealand and Canada, and then we shall so far have completed our chain of relations. Generally, may I say that whatever is possible in the way of preference within the Empire we hope to achieve.

For the last time, I repeat our realisation that preference begins as a business operation to be conducted for business ends. That is the preliminary of it all. We firmly believe that the very best possible business open to us is that which builds up this Empire and maintains its independence, securing its political and social heritages of freedom and culture, and enlarging its beneficial influence. To us it seems certain that these great ends can only be accomplished by joint action and effective action, which shall embrace the centre and all its parts. We live in the hope that we shall be economically, industrially, and productively raised to the highest power of which each portion, and therefore of the Empire as a whole, is capable. We wish to see British people of British stock as far as possible kept to our own vast territories, living under civilised conditions enabling them to multiply, prosper, and advance. Such conditions, we believe, can be found to the same degree nowhere else in the world. We hope that our preferences will affect population as well as trade, and that in the diffusion of population the outer parts of the Empire will get the full advantage of it, so far as it can be controlled without impairing individual freedom. Preferential trade appeals to us as a potent influence to aid this growth.

I have already said that we do not limit this principle to trade, but also apply it to the channels of trade. Whatever treaties may now hamper our movements, and we are encouraged by the recent Navigation Conference to hope that under your colleague, and with his help, we shall see encouragement given to British shipping as compared with foreign shipping until all its troubles that we can remove are removed, placing it, if possible, in a more unassailable position than it occupies to-day. That with us is associated with preferential trade as an integral part of the policy. While we maintain our shipping we have one of the very strongest, if not the strongest, means of maintaining our over-sea trade. In the same way, with regard to cable communications, to which I have already alluded, and with regard to many other matters upon which it would be inappropriate to touch, they are of a different character but with the same aim. When we speak of preferences in trade, our interest and enthusiasm are not devoted only to trade as the most important of its practical agencies. We include every means of co-operation within the Empire—shipping, cables, Suez canal charges, freights, emigration, conferences making for national unity and power. Every kind of co-operation is good as far as it is genuine without soreness or unrequited sacrifice on either side, and establishing the permanence of our trade and other relations. We think that each of those means would help the other, and that united they would form a very powerful series of links uniting the extremities with the

centre. All of these are sustained by the sentiment of unity in which we begin and end—the inexpressibly valuable inspiration, allied to the deepest forces within us, upon whose propelling power this nation, this Empire depends and must always depend, and which will decide its destiny.

As I have occupied a considerable time in dealing with the Australian view, perhaps my colleague, in whose special department trade lies, might be allowed to speak at a later stage when other members have addressed the Conference, so that Australia may not monopolise too much time.

CHAIRMAN: Would you prefer that, Sir William?

Sir WILLIAM LYNE: Yes, I would prefer that.

Mr. DEAKIN: I will hand in, as an illustration of my argument as to our opportunities of preferential trade with the Mother Country, two tables, analysing a year's imports. The first is headed "Produce other than wool which Australia could supply," and shows that we supply 10,000,000*l.*, British Possessions 41,000,000*l.*, and foreign countries 159,000,000*l.*, total 211,000,000*l.* The other shows "A year's imports into the United Kingdom of dairy produce, grain, and hay" produced in Australia and other British Possessions, and imported into Great Britain. The total is 38,000,000*l.*, of which only $1\frac{3}{4}$ millions come from Australia, and only 7,000,000*l.* more from the other British Possessions.

The tables handed in are as follows:—

A YEAR'S IMPORTS INTO THE UNITED KINGDOM OF PRODUCE OTHER THAN WOOL WHICH AUSTRALIA COULD SUPPLY.

1905.

—	From Australia.	From Other British Possessions.	From Foreign Countries.	Total Imports.
	£	£	£	£
Butter	2,307,835	2,905,382	16,373,405	21,586,622
Cheese	—	5,007,516	1,332,295	6,339,811
Flour and wheat	4,291,027	11,110,194	25,923,555	41,324,776
Other grain	8,585	5,031,260	23,790,922	28,830,767
Eggs and poultry	—	173,543	7,638,483	7,812,026
Flax	—	16,400	3,213,742	3,230,142
Fruit	240,506	1,395,604	8,958,470	10,594,580
Skins and hides	693,274	2,569,119	6,774,721	10,037,114
Lard	—	630,425	3,062,148	3,692,573
Leather	265,786	2,492,349	4,985,540	7,743,675
Meat	1,635,160	7,222,842	29,514,113	38,372,115
Olive oil	145,859	1,554,626	1,300,751	3,001,236
Sugar	—	1,264,026	25,503,029	26,767,055
Milk (condensed)	—	343	62,299	62,642
Tallow	768,996	458,633	1,141,757	2,369,386
Honey	—	17,442	17,321	34,763
	10,357,028	41,849,704	159,592,551	211,799,283
Wool	10,768,050	9,051,196	4,002,579	23,821,825

* For details, *see* next page.

A YEAR'S IMPORTS into the UNITED KINGDOM of DAIRY PRODUCE, GRAIN, and HAY.

(1905.)

——	From Australia.	From Other British Possessions.	From Foreign Countries.	Total Imports.
	£	£	£	£
Butter - - -	2,307,836	2,905,382	16,373,405	21,586,623
Cheese - - -	—	5,007,516	1,332,295	6,339,811
Flour and wheat - -	4,291,027	11,110,194	25,923,555	41,324,776
Maize, oats, barley, and other grain.	8,585	5,031,260	23,790,922	28,830,767
MEAT :—				
Bacon - - -	—	2,755,149	10,019,706	12,774,855
Fresh beef - - -	30,748	217,738	8,683,107	8,931,593
Salted beef - -	—	8,414	199,893	202,307
Hams - - -	—	698,471	2,419,901	3,118,372
Fresh mutton - -	988,049	3,164,712	3,183,729	7,336,490
Fresh pork - -	10,837	14,124	1,137,409	1,162,370
Salted pork - -	—	16,226	236,380	252,606
Rabbits - - -	485,935	82,406	267,498	835,929
Preserved meat - -	223,086	220,339	2,203,770	2,647,195
Unenumerated - -	12,059	44,913	1,168,720	1,225,692
	1,750,714	7,222,582	29,514,113	38,487,409
LIVING ANIMALS :—				
Oxen - - -	—	2,488,701	7,129,293	9,617,994
Cows and calves - -	—	27,966	19,846	47,812
Sheep and lambs -	—	45,580	233,173	278,753

Sir JOSEPH WARD: Lord Elgin and Gentlemen,—I think we have been all very much interested in the very full and very able speech delivered by my friend Mr. Deakin. He has placed an immense amount of matter before the Conference which I feel sure will be read with the deepest interest by the people of Australia whom he represents. I am equally certain that it will be read by the people in the Colony that I have the honour to represent. We are approaching this matter from a similar standpoint, and we are anxious to bring about that which Mr. Deakin has at length placed before the Conference. I feel justified in saying that in view of the important details that Mr. Deakin has in many respects furnished, it will very appreciably save my time in placing some other aspects of this important matter before the Conference. I feel, however, that the historical occasion should not be allowed to pass by without saying something from the standpoint of the important Colony that I have come here specially to represent. I would like briefly to state what the attitude of New Zealand in connection with preferential trade is. We come here with an honest desire to place our position before the British Government, and the British people through the British Government, in the hope that if they see proper to return the preference which we have already on some articles given we should be only too glad in that respect to extend the system and have them added to on a mutual basis. I should like so much to say that if this comparatively new question as between the Motherland and the Colonies could be by all

parties in all our countries taken out of the arena of party politics, a solution of it would be reached, I think, at a very much earlier period. I do not profess for a moment, and would not presume, under any circumstances, to enter into the sides of the internal political policy of England. The point that confronts us in New Zealand to some extent draws us into the political question, whether we like it or not. That we cannot help. I want to make it clear in prefacing the observations I propose to make that New Zealand is most anxious to be kept out of what one might call the hurly-burly of local political warfare, either in the Old Country or in any other portion of the Empire, but it wants to work for bringing about a stronger and better condition of the Empire itself. While on this point, I should like to say that it is very much to be regretted that the question of preference is mixed up with that of Protection. It appears to me that there is such a distinct line of demarcation between the two, that it is worth while for a moment to place my own view upon record as to the great importance of the distinction. I should like to say that if I were a public man resident in England, and with the general knowledge of economic conditions that I possess at the moment, I should be found on the side of those who are fighting for cheap food for the masses of the people. I believe that anything in the way of preference that the Colonies might suggest, if it were calculated to raise the price of food to the masses of the people, ought to be opposed, and rightly so, by the British people. For my own part, if I thought that what New Zealand was urging in that respect was likely to bring about an increase in price of the foodstuffs to the masses of the people of England, speaking as a New Zealander, I would not urge it upon the consideration of the Conference, and I would not urge it upon the attention of the people of New Zealand; but it is because I believe that, with a system of preference on certain articles between Britain and her Colonies, such a condition of increasing the price of food would not arise, that I am an ardent supporter of a preferential system between the Old Country and the newer ones. New Zealand is in the position, as our great coadjutor in Canada is, of having put a preferential and reciprocal Trade Act upon the Statute Book. It came into operation on the 16th November 1903, and though Great Britain could not under its fiscal system offer anything in return to us for mutual preference, we readily and, I think, rightly, gave preference to Great Britain under that tariff. From one of the Returns placed before us by the officers connected with the Colonial Office, I will just enumerate what that preferential tariff provides for. "Goods enumerated in the First Schedule "to the Act pay double the ordinary duty when of foreign production." I may say that cement is the only article which is referred to in the schedule. "Under the Second Schedule, foreign goods pay the ordinary duty plus one-"half. Among the important articles included in this Schedule are boots "and shoes, fancy goods and toys, hardware, hollow ware and iron nails, "ironmongery, iron pipes and fittings, pianos, earthenware and glassware. "Under the Third Schedule, foreign goods pay a 20 per cent. *ad valorem* "duty on certain articles formerly on the free list, whilst British goods "are admitted free of duty as heretofore." There is a handicap there of 20 per cent. against foreign goods which come into New Zealand without any duty, against British goods. "The chief classes of goods included in "this Schedule are iron (plain black sheet, rod, bolt, bar and plate) rails for "railways and tramways, and printing paper," and the Schedule attached to it shows that since that tariff has been in operation, giving a preference of duty to England as against foreign countries, there has been a very considerable increase in the importation to New Zealand from England on some of the lines, and a diminution from foreign countries.

Mr. LLOYD GEORGE: What has been the effect upon our purchases from New Zealand?

Sir JOSEPH WARD: I am going to refer to that a little later.

Mr. ASQUITH: Do you say there is a diminution upon the imports from foreign countries to New Zealand?

Sir JOSEPH WARD: There are six classes in the return in which there has been an increase from England.

Mr. ASQUITH: I thought your statement was that on the whole there had been an increase.

Sir JOSEPH WARD: I did not say that.

Mr. ASQUITH: And a diminution from foreign countries.

Sir JOSEPH WARD: No, I did not say that. I said that in six classes there had been an increase under this tariff.

Mr. ASQUITH: I thought you meant on the whole.

Sir JOSEPH WARD: No, I did not say that. I propose to refer to the point of the decrease of the trade in British products to Australia and New Zealand presently. I want to say that the result of a preference to British goods imported into New Zealand, from information furnished to the Government Department in New Zealand, has not brought about an increase in the price of those articles to the consumers in New Zealand. On the contrary, the increased opportunity for competition between British traders by having a preference, by putting a duty against foreign countries, has kept the price of those articles down. That is one of the points in connection with preference as against the general system of Protection that I specially want to keep before myself, and before others, in considering this question of the tariff. New Zealand has also extended a preference tariff to Canada, and Canada has done the same to New Zealand. New Zealand has also entered into a preference tariff treaty with South Africa, and South Africa with New Zealand. So we are in the position at the moment of having fully 10 to 20 per cent. against foreign countries in favour of Great Britain. We have entered into a reciprocal treaty with South Africa and a reciprocal arrangement with Canada by which we each make a concession upon our respective tariffs. I refer to this in order to show we are in earnest in our desire to bring about mutuality of trade within different portions of the British Empire.

In reference to this question of the trade to the Colonies, I want specially to refer to an aspect of it which I think is disconcerting, that is the trade from the United Kingdom to Australia and New Zealand. The Returns supplied to the Conference give the average between the years 1899 to 1901 as against 1904 to 1906. There is a very remarkable feature about it in my mind; it is headed "Relative Importance of British Colonies and Foreign Countries as Consumers of United Kingdom Produce."

Mr. ASQUITH: It seems a rather useful table.

Sir JOSEPH WARD: Yes, it is. I am reading from page 3.* It will be seen there that the only countries where the products of the United Kingdom have been exported to, the only countries in which there has been a diminution of trade, are the Australian Commonwealth and New Zealand in the respective periods of three years in each case—to the extent of 610,000*l.*—and a diminution of 2,041,000*l.* to Russia. I make no comment

* See No. XXIV. of [Cd. 3524]: Papers laid before the Conference.

about Russia because I am not for the purposes of my argument concerned with that, and the extraordinary and unusual circumstances which have transpired there doubtless are responsible to some extent for that diminution, but the fact remains that those two countries are the only places to which the exportation of products from England have decreased. In the case of British India and Ceylon, there is an increase of 10,000,000*l.*; Germany, 3,600,000*l.*; United States, 5,200,000*l.*; France, 53,000*l.*; British South Africa (Cape and Natal), 2,624,000*l.*; Argentine, 7,700,000*l.*; British North America (Canada and Newfoundland), 4,600,000*l.*; China, 4,900,000*l.*; Belgium, 644,000; Netherlands, 15,000*l.*; Italy, 1,600,000*l.*; Japan, 459,000*l.*; Scandinavia, 390,000*l.*; and Egypt, 2,561,000*l.* What is the cause of the diminution of trade from Britain to Australia and New Zealand? My answer is it has gone to other countries, and England under preference ought to have the lot.

In connection with this I want to direct attention to what I regard as a matter of some consequence from the standpoint of the possibility of bringing into operation an improved condition of trade between Britain and her dependencies. It will be assented to that the age of Australia and New Zealand is comparatively young; they are almost in their infancy by comparison at least with some of the older countries. That, together with their population, are elements in arriving at the possibility of the development of the future by comparison with what it is to-day, that ought at least to give us some matter for consideration as to how we should shape our policy in order to improve the general condition of affairs. To-day, according to the Return furnished by the Colonial Office, the third greatest purchasing customers for the outward products of the United Kingdom are Australia and New Zealand. According to the return, the trade to Australia and New Zealand is 24,896,000*l.* per annum, and British India and Ceylon is not twice that; it is 44,000,000*l.* Germany is only 29,478,000*l.*, whilst the population of Australia and New Zealand at the last census was under 5,000,000—about 4,800,000—the population of Germany is some 60,000,000, and the population of India is 239,000,000. I allude to the population of India from the fact that it is a portion of the British Empire, though I am quite aware there are different races there, and that is an element that requires some amount of analysing before placing it in the same category as Germany, if you like. But here is a feature, that looking to the future development of these Colonies, I cannot dispel from my own mind as being of very vital consequence from the standpoint that I regard it from. The trade of the Australian Commonwealth and New Zealand last year was: Australia upwards of 110,000,000*l.*, and New Zealand over 30,000,000*l.* You can put down roughly that the combined trade to and from those countries as from 140,000,000*l.* to 150,000,000*l.* They are in their infancy. There are under five millions of people there, against sixty millions in Germany and two hundred and thirty nine millions in India. To-day they are the third largest importers from the old country. To-day the trade of Australia and New Zealand is under 5,000,000*l.* less from Great Britain than the trade of Germany is. To-day Germany has sixty millions of people as against under five millions of people in our country; she has twelve times the population, and her age as a trading country with England, compared to that of Australia and New Zealand, runs into centuries, as against New South Wales, which only held its centenary ten or twelve years ago, and New Zealand, which is still well under the century. England's outward trade to Australia and New Zealand is greater than it is to America. The important fact remains that these two great and growing self-governing British Colonies belonging to the Old Country at this early period of their history have got to be in the position of the third largest purchasers of the products of the United Kingdom. They are in that position to-day in their very infancy, and with

a comparative handful of people existing there I feel that as an element in connection with the line of argument I am submitting to this Conference, as one calling, from either an Imperial standpoint or, if you like, from a business standpoint, for at least the generous recognition and generous consideration of the powerful Mother Country. Our trade relationships are so material to each other. Our attachment and destiny are on mutual lines, and we should try and shape a policy which we believe to be safe and beneficial for ourselves.

I do not want to take up the time of this Conference by giving a number of figures for the purpose of impressing upon them the view that New Zealand takes of this proposal to have preferential trade, and, indeed, it would be unnecessary for me to do so in view of the very full and valuable information furnished by Mr. Deakin regarding this important matter. A point that I want to impress upon the Conference is that in another twenty years from now, which is a very short period in the history of Australia and New Zealand, if they go on at anything like the proportionate increase of trade that has characterised their development up to now, they will be amongst the most important of the traders with the Old World. I want to make this point as I am passing, that I honestly believe that some of the great foreign Powers—Germany, France, and Italy—if they have not reached their purchasing limit, have very nearly reached it, and I will give my reasons for it. Unlike Canada, Australia, or New Zealand, those countries having populations fully as great as they can reasonably carry, fix for their teeming millions within their own borders a policy of industrial development and constructional development in the way of industries that means the employment of their own people for the producing of what they require for themselves. And as the outcome of the thick population within their territories they will be bound to find employment for their own people in regard to the manufacture of goods and raising of products their own people require. In proportion to the development that will go on in these great self-governing Colonies with their limitless tracts of land still available, especially in Canada Australia, and New Zealand, for people to settle upon, I re-affirm that the possibility of the development of trade from Great Britain to the old Continental countries, if it has not reached its limit, will be very small as compared with the enormous development of trade that will go on in these growing self-governing possessions.

That being so, what I am anxious to put before the Conference is—though I know we can only go forward slowly, and a great question such as this must, in its ordinary cause, take time to be matured—how anxious all of us are to see our ideas put into operation at as soon a date as possible. What I want to try to impress upon this Conference is the difference between preference between Great Britain and the Colonies and what is known as Protection. I draw the distinction for this reason. I take a typical case. You may have an importation of meat, if you like, or dairy produce. You may take Russia and America as cases in point who may be sending large quantities of these articles to England at the moment. If you were to put a duty against America and Russia upon a special article and give the opportunity to Canada, Australia, New Zealand, and South Africa, to send that same article to England, I am as persuaded in my own mind as I am alive that the price would be as low by the competition and natural rivalry between Canada, Australia, New Zealand, and South Africa, as it would have been by allowing that product to come in from Russia or America. It is because I believe that, that I urge upon the consideration of this Conference the desirability of drawing a line between the complex, difficult and certainly controversial matter of Protection, in a great country such as England is, and preference upon certain articles from our own countries as against the same articles from foreign countries. It is a very important matter from the

standpoint from which we regard it, and I would earnestly like to impress it upon the Conference.

Again, we are all proud and delighted to know that recent developments in South Africa have brought it within the possible range of being a great Confederacy before very long. South Africa in times of peace and with a settlement policy going on in the interior, as must take place, there will not devote themselves entirely to the production of ores from their mines. They are bound to have a land settlement policy in parts of the country. It is only a question of time when we will have South Africa, to some extent, joining with these other British countries in having an excess of exports to send to the Old Country from the products of its soil. The position to-day is this—and in our country we feel it—we recognise that the Imperial statesmen who are responsible from time to time for the government of Great Britain have far-reaching responsibility—far wider than any of us have. We know from time to time the requirements of Britain necessitate treaties between Great Britain and some of the powerful nations with whom she is working side by side. But here is a factor which concerns us. The foreign countries, I think without exception, have got a high, almost prohibitive, tariff against the natural products of our countries, with the knowledge of the fact that England does not require to send them a single parcel of her products from the soil of England at all. On account of our adhesion—proudly so—to the Empire, to England, we find that British people, to the extent of 90 per cent., settle in our countries, working in season and out of season, making homes for themselves and their families, helping to concrete our country into a solid portion of the Empire, and helping and adding to the power and prestige of Great Britain itself, and if they wanted to send their exports out of New Zealand and trade with these other countries they find they are barred by a high wall of protection against their natural products. Germany is a case in point, France another, Italy another, America another. The tariff against us is of the character that, unless in an odd case where they want something from our colony for the purpose of assisting in their manufactures, they take comparatively nothing from us, and their greatest market is England. The increase of the trade to Germany referred to during the course of Mr. Deakin's able speech yesterday by Mr. Asquith, will be found largely to apply to wool from Australia and also from New Zealand.

I want to tell this Conference what has taken place—and I refer specially to the products of Australia and New Zealand—within the knowledge of the commercial world in recent times. The Germans, with a comprehensiveness and with a method that calls for the admiration of all of us, subsidise very magnificent steamers, from which they leave no point of equipment out, in order to attract all classes of people to travel by those steamers from the Old World to the newer world across the ocean. Their courtesy, their attention, their general aim in getting into this trade, and rightly so from their point of view, is recognised by the whole of us. The outcome of these huge subventions to their steamers in recent times has been to shift from London—which for years and years was the emporium to which Australians and New Zealanders sent their wool for the Continent for disposition by the London merchants—a large proportion of the trade now passes London direct to the Continent. Those powerful commercial rivals of England and her dependencies, the Germans, who formerly bought through the London merchants, now ship the wool to Germany direct from Australia and New Zealand. I think it is right for the Germans to save all they can in the way of double handling. I think it is a good thing for our commerce to save anything it can in the way of transhipping and double freightage or double handling, but the fact does remain that that is the aspect which to some extent shows that upon some matters we are doing trade with those who are highly protected against us, which formerly we did with them, no doubt,

but it filtered through London and through England. I allude to this only to finish this important part of the argument. At one time there was a general belief, certainly in the minds of many people who were studying the developments and changes and alterations in trade ramifications throughout the world, and a number of us used to labour under the happy delusion, that trade followed the flag. We know from actual experience in recent years that it is a delusion. It does not follow the flag, except conditionally. Trade follows the ship, and if the British ship with the British flag is pioneer in a particular trade, or if the British ship with the British flag is trading side by side with the ship of any other country under another flag, and it is trading on equal conditions, the British will probably get a fuller proportion of the trade from those countries. It is a theoretical, fanciful, and misleading idea which used to exist, that if you find a flag on the top of a ship the commercial world will tip everything into that ship for the mere purpose of doing so. Nothing of the kind. Trade will follow the ship. The trade in the British Possessions will follow our flag as a matter of preference and the Germans notably give their own ships a preference, and we all want to see our British merchants give our British ships a preference. The Germans have recognised to a greater extent—I say it without any depreciation of the British shipowners and merchants—than we have the power and usefulness of a ship getting into waters by the subventions they are giving to them to enable them to compete against our ships, and they draw a certain amount of trade from the countries to which they go. What do they get for it? Merchants in any part of the world as a matter of business want to save all the money they can in order to enable them to compete with their rivals, and a merchant says: "If I can ship my wool "to Germany, and get certain things back, I save the rate of exchange "which I should have to pay if I had to remit the cost of the purchase "of those goods to Germany." The moment you get into the position of interchange of trade between those self-governing Colonies, which are extending to an enormous extent, and put them in the position of feeling and finding that they are being handicapped in their own Empire in the matter of trade, you drive them as a matter of necessity to other countries in the same line of business, and by degrees you find a diversion of trade which would be useful and valuable to the Old Country and useful to us—a diversion which we ought by every means in our power to try and avoid.

Mr. DEAKIN: Sometimes a British flag flies over a ship because it is owned by a company registered in Great Britain, although its capital and control are absolutely foreign.

Sir JOSEPH WARD: That is so. I do not want at the moment to go into that aspect of the question.

Sir WILLIAM LYNE: The White Star Line.

Mr. LLOYD GEORGE: It is not the case with the White Star Line.

Sir JOSEPH WARD: I do not want at present to go into that aspect of the question. We have now a great opportunity of meeting at this Conference three responsible Ministers of Great Britain in the British Government. Anxious as we are, I am certain, to do all in our power to develop the best interests of the old land and help in the development of the

newer one, the way in which it should be done is a matter upon which there may be difference of opinion, but I believe the desire of the whole of us is to achieve the same end, and it is by interchange of opinion on some matters of this character that we may be able to help each other to arrive at a practical solution, and it is that and that alone that I am anxious to bring before the Conference.

I am desirous of saying a few words about another question which has a very strong bearing upon the development of the trade of Great Britain with her Colonies. If you, Lord Elgin, went out to New Zealand to-day, and went into any town there you would find a representative of every important country in the world except Great Britain there. I am not talking of the Governors who so ably represent the British Government, especially on the diplomatic side, and upon matters concerning the carrying on of the Government of the self-governing country in relation to the old land, but I say if you go to New Zealand and to Australia—and no doubt the same remark applies to Canada, though I do not know it from my own experience—you will find all over the country in every large town in New Zealand that there is a Consul or Vice-Consul specially selected. You will find that those Consuls are full of valuable information on all important matters, and especially regarding trade. That they are ready to furnish that information to every person coming from their country. They help their Governments and their merchants by the dissemination of information, mail after mail, year in and year out, upon all aspects of trade, whether it be from Britain to our Colonies, or from our Colonies to Britain. They help the trader in our Colony to get any information he wants upon any aspect of that trade within the foreign territory. You cannot find a single representative of Great Britain in any of these self-governing British countries, so far as I know, to whom any person desiring to do trade with your manufacturers, or with your producers, or with your professional men, in the Old Country can go. I say that is a great blot on the system of the present commercial development and the present commercial position, and it is a great want which will be more felt in the future, when help is wanted, to extend and develop our commercial relationships with one another. The importance of it, from the point of view of a visitor to any of these countries, is so great, that in three out of five cases, if a man cannot get the information he wants, even regarding the trade of Great Britain itself, he goes to one of the consuls of another country and avails himself of his existence and of his system of collecting information for the purpose of doing what he desires. Within my own knowledge, and I say it advisedly, though I do not want to name the country or the people, within the last three years one of the great countries that is commercially an active rival of England, has by more than one of its emissaries travelled through our country for the purpose of getting information upon every conceivable kind of trade and other matters now being done with Britain that might be of use to the merchants of his own country.

Mr. LLOYD GEORGE: An emissary of the Government of the country—an official?

Sir JOSEPH WARD: I do not say that—I say emissaries—I know the actual facts—and I am a little guarded in saying it. I feel sure that this Conference will agree with me that it would be a derogation from the high and essentially dignified position of the Governor of any of our Colonies to be a medium for obtaining and furnishing information concerning great industrial communities whether on the producing side or the manufacturing side. It would be a most inconvenient method of obtaining such information, even if it were desirable, and I feel sure it cannot be desirable. As

an outcome of this Conference and of our preliminary discussions, in the desire to help trade development between the old land and the newer lands, I hope we may see some effort made to place us side by side with our great competitors in the matter of obtaining information and disseminating knowledge.

Mr. ASQUITH: Do you know that steps have already been taken for that purpose?

Sir JOSEPH WARD: I was not aware of that.

Mr. ASQUITH: The Board of Trade have appointed trade correspondents —five in South Africa and six in Australia.

Sir WILLIAM LYNE: None of them fitted to be appointed.

Mr. ASQUITH: That is another matter. There is a difference of opinion about that. Whatever may be said about the *personnel* the office is brought into existence.

Mr. LLOYD GEORGE: About Australia, if I may say so, I have been in consultation with Mr. Deakin as to the *personnel*. You must not assume that the thing is settled here; we are conferring with Mr. Deakin on the point. May I say also, that with regard to Canada the name of the gentleman sent over was suggested to us by Lord Strathcona because he knew him well.

Sir WILFRID LAURIER: He could not be a better one.

Mr. ASQUITH: At any rate an attempt is being made to deal with this very important matter.

Sir JOSEPH WARD: I am very glad to hear that is so, and I congratulate Mr. Lloyd George upon the initial step which has been taken. I have not had the opportunity of being consulted as to New Zealand, but if I may, with some experience of what is necessary, I should like to suggest that a trade correspondent is not sufficient. It would be quite inadequate in my judgment in New Zealand. One's practical knowledge of it may be of some use in extending what I recognise is a very valuable thing which has already been commenced. I would point out that the configuration of our country is such that unless a trade correspondent was able to split himself up into a dozen parts he would be bound to be located at different times if not regularly in one centre.

He may move from that from time to time, but that is of little use to the man who goes, say, from England—as many of them do—for the purpose of obtaining information, and comes to a particular town and wants to find out, generally speaking, promptly, the local peculiarities of the trade there, or obtain information on questions on the spot peculiar to that particular place. I merely re-affirm the necessity of having a representative in every large town, and I am sure it can be done very inexpensively if what I understand Mr. Lloyd George has so well begun were extended so that we had in the same manner as other countries a representative in every important town. If

your representative was, say, in Auckland, he would be 1,200 miles away from a business centre at the other end of the Colony. A man requiring information cannot wait until he meets the trade correspondent in the place in which he is. I put it forward with all respect for the consideration of the Board of Trade, which is such a valuable portion of the fabric of Government. In my opinion it is worthy of consideration whether we should not, in order not to be behind the competitors of England and of our Colonies, appoint representatives to the duty of obtaining and disseminating trade information which is so valuable in all parts of the Empire.

I want to say a word upon another important point. I am deeply in earnest in my desire to see the possibility of drift of any kind, so far as the Colonies are concerned, prevented. I am positive in my own mind that unless both England and the Colonies progress, if they are allowed to stand still, in the aspect of their sentimental connection with the Old Country being sufficient, and in the aspect of the ties of kinship keeping them together, and all that sort of thing, that to stand still means retrogression, and retrogression means drift. Apart altogether from this question of preferential trade, the people of the Colonies wish to feel that they are in closer touch with the people of the Old Country, and I am very earnest in my advocacy, which I have publicly expressed for many years, of a hope that the British Government may coalesce with the Governments of Australia and New Zealand, and in one respect, if not in all, with the Government of the great Dominion of Canada, in bringing our peoples closer together. There is one practical way in which it can be done, and, in my opinion, it is the only practical way in which it can be done, that is, by taking a lesson out of the books of some of our adversaries, and not merely giving a subsidy for a line of mail steamers to carry a mail at a very rapid rate, which is most important, but seeing that in some form or another the traders of the Old World and of the New World are put into a position of equal competition against their foreign competitors, who are doing so much in assisting their merchants by their own steamships. I will not name the crowned head in one of the countries who takes an active personal interest in the ramifications of that country's trade; but they play the game so thoroughly and effectively, that, unless we take similar methods, my opinion is that, to a certain extent, the position of drift will arise. I believe we ought at this Conference, without going into the intertwining difficulties surrounding trade, to consider in one or two respects its practical application. I say there is nothing that would do our countries of New Zealand and Australia more good than an alteration in the conduct of the Suez Canal. I introduce that without any reservation. I say it from the Imperial point of view, and I ask the Conference to put its *imprimatur* in the course of this discussion upon improving what is one of the highways of the world. The country—France—which has a large share with England in that Canal would naturally have the same treatment extended to it as we wish to extend to ourselves; but my own belief is that it would pay Great Britain, and it would certainly pay our Colonies, to join in it, and I believe it would pay the French Government handsomely to make that Suez Canal free for our and their own ships, and to allow our respective countries to pay to the shareholders the whole of the interest they are getting on their capital now. To-day our cargo steamers which are trying to keep in touch with England have to take a 45 or 50 days trip to get here with our perishable goods. Here is a highway of the world which is used by large steamship lines, and there are some magnificent ships trading to Australia which use it; but unless you get some powerfully organised wealthy corporate body, whose people pay the enormous dues upon ships, passengers, and cargo going through the Canal, you do not get it used generally, I mean by

cargo steamers only. You are thus limiting its use to the wealthy, while the poor unfortunate tramps which go to and from our country have to travel the oceans of the world, and take ten days or a fortnight longer to carry our products to England. It may be regarded as presumption on my part to suggest this. I am in deadly earnest about it. I do not know the exact method by which it can be done, but I have a mortal hatred of the toll-bar. I have only met with one during the last ten years, and that, I am sorry to say, was the other day on the road to the Crystal Palace. I have an absolute hatred of the toll system, and if there ever was a system of toll put as a clog to the development of the trade of England and of the Colonies, to say nothing of the trade to the East, it is the continuance of high and almost prohibitive charges on vessels using the Suez Canal, and minimises the splendid effect of the masterstroke of the late Lord Beaconsfield, of the acquiring of the shares of the Suez Canal in the interests of the Empire itself. If we are not to stand still in the Old World and in the New World, I do say we ought to recognise the march of progress which is going on, and we ought not, from the sordid point of view, or from the point of view of the interest upon the shares, to allow this Canal to stand in the way of the Empire's progress. The country I represent would willingly do its share towards improving the present position of the Canal. If we had the right of going through the Suez Canal under the British flag free we would help towards paying the interest.

Mr. ASQUITH: It is a very interesting proposal. Do you propose to free the Canal for all the world, or only for certain specified nations?

Sir JOSEPH WARD: I said for the nations concerned only; that is, those who own it.

Mr. ASQUITH: So that you would not allow the Germans to go through free of toll?

Sir JOSEPH WARD: Not at the same rate. Why should we? If you own a good thing, why give it to an opponent who is trying to cut your throat every day in the week upon even terms? I fully admit it is a complicated question to deal with.

Mr. LLOYD GEORGE: I understand the Austrian Government does remit a portion of the dues to its own ships going through the Suez Canal.

Sir JOSEPH WARD: It is a very sensible proceeding on the part of the Austrian Government, I think.

Sir WILFRID LAURIER: The tolls are paid by the Austrian Government?

Mr. DEAKIN: It is another way of reaching the same end.

Sir JOSEPH WARD: I said it was a very important matter and I approach it with some diffidence, because I recognise the difficulties surrounding it; but I want to take the opportunity because we are so anxious

to be brought into closer touch with the Old World. Our greatest difficulty, and indeed the greatest misfortune that we suffer from, is the time that it takes to get our products and our people to and from England itself. What I have suggested may not be feasible, but I should be so glad if it were possible for the powerful British Government to, in some way, investigate the matter with a view to seeing whether this world's highway could not be made in the interests of the development of the trade between certainly those portions of the world that use the Suez Canal.

Mr. ASQUITH: Do you consider that the present rate of tolls is prohibitive to the cheaper kind of cargo and vessels?

Sir JOSEPH WARD: I have been told repeatedly, by people who are concerned on both sides of the world, that for ordinary cargo purposes they do not generally send their vessels through the Canal to or from Australia and New Zealand because of the tolls.

Mr. LLOYD GEORGE: I know the tramps complain bitterly and say that their interests are sacrificed to those of the liners.

Sir WILLIAM LYNE: It costs one steamship company 100,000*l.* a year.

Mr. DEAKIN: To the fortnightly boats running to Australia it means 100,000*l.* a year.

Mr. LLOYD GEORGE: The tramps have been asking here for increased representation on the London Committee; but, unfortunately, we have no power at all in the matter.

Mr. ASQUITH: This is a very important question which has been raised.

Sir JOSEPH WARD: It is connected with trade, and I felt I must allude to it. I do not propose to take up the time of the Conference very much longer, but I also want to say how very much, certainly New Zealand, and I think all the self-governing Colonies, would value the co-operation of Great Britain with them in their desire to come closer to the Old World. I am not unmindful of the fact that you are doing a great deal, and a great deal that is appreciated, in the direction of assisting in the carriage of mails, and consequently helping to obtain improved and cheaper facilities for passengers and cargo, on liners to and from our Colonies. I may, perhaps, be allowed to speak for Mr. Deakin in this matter, and for myself, and I know also for Sir Wilfrid Laurier, because we want to bring our countries, that is New Zealand, to within 20 days of London, and Australia and Canada proportionately to a very much greater extent.

Mr. DEAKIN: That makes for unity.

Sir JOSEPH WARD: Yes, I refer to this because it makes for unity, because it makes for cohesion, and because it brings about a feeling or recognition on the part of the people in our countries that the people in the Old World, whence they came, are in sympathy with them. Even if we cannot to-day put all we advocate into practical effect their desire is, if

possible, to see a closer union on practical lines consummated. We can only do it by bearing our own part of it, and we are prepared to do it. The advantages are mutual and they are of as great importance to England as they are to the Colonies. It is because of the importance to all parts of the Empire—not directly India or South Africa in this case, perhaps—that I earnestly urge it.

Mr. LLOYD GEORGE: How would you bring New Zealand within 20 days of England?

Sir JOSEPH WARD: We can do it across the Atlantic from England, then overland through Canada, and then across the Pacific. We can do it without any difficulty whatever.

Mr. LLOYD GEORGE: Within 20 days?

Sir JOSEPH WARD: Yes, within 20 days. Sir Wilfrid Laurier will agree with me that it can be done. Four days and nights to Canada, four days and nights across Canada, and 12 days on the Pacific to New Zealand. It is capable of being effected without any difficulty whatever, providing we all co-operate to enable it to be done. Steamers can be provided of a size and speed that can bring New Zealand within 20 days of England. If you want to come close together, it is necessary that large capital should be invested and powerful vessels obtained on both sides of Canada. We in New Zealand are prepared to do our part to the fullest possible extent. Australia would, I am sure, be prepared to do their part. And so is Canada, as I understand from Sir Wilfrid Laurier.

Mr. LLOYD GEORGE: Would that be for the purpose of carrying goods?

Sir JOSEPH WARD: No, passengers and possibly some goods; certainly from England to Canada and from Vancouver to the Colonies.

Sir WILFRID LAURIER: These steamers would carry some goods.

Mr. LLOYD GEORGE: Would it pay to carry goods? They would have to discharge the cargo at Vancouver and put it on to the Canadian Pacific Railway, and then discharge at Halifax.

Sir WILFRID LAURIER: Yes, but it could be done; it is done now.

Mr. LLOYD GEORGE: There would be so much labour involved in handling the goods.

Sir WILFRID LAURIER: There is more labour involved; but the idea would be to have services equal to the best services between England and New York, so that the voyage between Canada and England should occupy four days.

Mr. LLOYD GEORGE: I am thinking of the labour of discharging the goods at Vancouver and putting them on the Canadian Pacific Railway, and then discharging again at Halifax and putting them on another line of steamers.

Sir WILFRID LAURIER: You could not do it with cargo; that is impossible.

Mr. LLOYD GEORGE: So I should have thought.

Sir WILLIAM LYNE: But it would increase the trade between Canada and Australia.

Sir WILFRID LAURIER: All express goods could be discharged very promptly.

Mr. ASQUITH: It would be mainly a passenger and mail route, I take it?

Sir WILFRID LAURIER: Yes, and perishable goods also—fruits and things of that kind.

Mr. ASQUITH: How do you make your 20 days? It seems rather a short time.

Mr. LLOYD GEORGE: Four to Halifax, four across Canada, and 12 upon the Pacific, I understand?

Mr. ASQUITH: That gets you to Auckland, I suppose.

Sir JOSEPH WARD: Either to Auckland or to Wellington as the steamers elected. We could do it easily in 20 days. It may to some people seem a dream, but I am persuaded it is capable of being practically worked, and I am positive in saying that the Colonies want it. We are anxious for it because we recognise the value to our people of being able to come to the Old Country and meet your people here. We recognise the enormous advantage of rapidity of mail communication even allowing for the speed that can now be attained across the cables. We know all these facilities mean increased avenues for obtaining and developing trade. The more you bring the teeming millions of England into touch with the Colonies—Canada, Australia, and New Zealand—with their enormous fields for the absorption of people, the greater chance you have of having those countries settled by the excess of your British people from time to time whom you do not require, and the more rapidly that will be brought about, and the more rapidly will the trade between them expand. From the point of view of Canada, Australia, and New Zealand it is most important, because there will be an enormous trade development between those countries on their own account. If we could do the two things at once and also reduce the charge for cable messages, it all goes in the direction of bringing about a preference of trade under the British flag between the outlying portions of the Empire and the Old Country.

Sir WILLIAM LYNE: You would require to have an arrangement regarding the service right through viâ the Suez Canal and viâ Canada fortnightly, because you could not keep up a double service of boats. We have boats coming through the Canal now.

Sir JOSEPH WARD: It is a matter worthy of consideration.

Mr. DEAKIN: We have a weekly service alternately by two lines. One of the present lines could be replaced by this new service.

Mr. LLOYD GEORGE: You would not carry mails through the Suez Canal?

Mr. DEAKIN: Yes; one week through the Suez Canal, and the next week this way.

Mr. LLOYD GEORGE: How long does it take through the Suez Canal?

Mr. DEAKIN: They could do it in 28 days, I think. We dawdled for four or five days on the voyage this year.

Mr. LLOYD GEORGE: Then the mails would be necessarily carried by the shorter route.

Sir WILFRID LAURIER: In time the shorter route would take the place of the other services.

Mr. DEAKIN: When I say 28 days I am speaking of what the present steamers can do without departing from their present conditions. The passage by that Suez route could be lowered by several days more. I am not an expert in the matter, but they are travelling now at a rate which shows me that they could easily do their work in 28 instead of in 30 or 31 days.

Mr. ASQUITH: But you can hardly bring it down to 20 days.

Mr. LLOYD GEORGE: They have to call at Marseilles, Genoa, and other places; they would not be able to pay without that.

Mr. ASQUITH: If you assume the new route to be brought into effective operation.

Sir JOSEPH WARD: We had a mail service across America in 28 days and sometimes less. It is only 400 miles longer from Canada to New Zealand, and they were comparatively slow boats. Twenty days could be done easily enough. It is only a question of having sufficient money to do it.

Mr. ASQUITH: You would want first-class boats both in the Atlantic and the Pacific.

Sir JOSEPH WARD: Yes, unless you have them of that character you cannot do it; and that is the class I am advocating.

I was going to refer to some other matters, but I may have a further opportunity of doing so, but I will now bring my observations to a close. I do not want unnecessarily to take up the time of the Conference. I have endeavoured to show that in our country we have already put upon our Statute Book trade preference upon some articles for England, which will continue. It is from 10 to 20 per cent. against foreign countries, as I have already pointed out, in favour of England. We have done the same in regard to South Africa, and the same in regard to Canada, and we are anxious to have it with England. How that should be done is a matter entirely for

those who, like ourselves, are in charge of a self-governing portion of the Empire, namely, England itself, and in that respect I will not presume for a moment to interfere; but I want to say that the commercial policy of the powerful nations with which it is necessary for Great Britain to be in many respects in touch is a policy which in the nature of things is hostile to the self-governing Colonies.

What I look forward to, though I do not know how long it will be, but I believe it will come, is the time when Great Britain and her Colonies will enter into a preferential system of trading, and when they have achieved the position of being in a group of preferential trading countries, then they can go with complete justification and with great hope of success upon equal terms, to any of these other powerful countries that have their high tariffs against us now, and ask upon fair terms for reciprocal treaties, not for England herself but for England and her self-governing Colonies, on matters which all would be prepared to consider, and which would enable the bringing about of fair conditions of trading between the Old World and the newer one. These foreign countries now in their fiscal systems hit the Colonies all the time. They do not hit England in the matter of external trade from England in your natural products, because you do not send them out of the country. You are naturally a large consuming people and you require to import from over the sea food stuffs very largely indeed. Other countries do not in that respect hit you in the same way as they hit the self-governing Colonies. My own belief is that if the time arrives, as I believe it will, when we can have a system of preferential trade between ourselves, we could, as common-sense, practical people, in charge of our respective countries, without any doubt enter into reciprocal trade relations as a whole; and say the Germans or the Americans would then, in respect of certain articles, be prepared to allow them into their country in return for certain other articles being allowed into ours. Italy and France would have to do the same. We should then be all on fair terms. I honestly believe that it could be done without injury to the masses of the people of England. If I thought it was going to injure the masses of the people of this country, I for one would not be favourable to it. I honestly believe preferential trade within our own countries would vitalise and add to the strength and greatness of the Empire.

Sir WILLIAM LYNE: Does your preference to Great Britain extend right through your tariff, or does it discriminate?

Sir JOSEPH WARD: It does not go right through our tariff. Upon a number of articles which are named we have a higher rate against foreign countries, and allow England to come in on the free list for a number of articles that we impose duty on against a foreign country.

Sir WILLIAM LYNE: Do you charge any items the same to Great Britain as to foreign countries?

Sir JOSEPH WARD: Yes, some of them.

Mr. ASQUITH: A good many; the large majority, I think.

Sir JOSEPH WARD: I read them all out from the return. The whole of the information is here.

Mr. ASQUITH: The preference only extends to about a dozen or a score things at the outside. Speaking from recollection, 20 per cent. of the total British imports are affected by the preference?

Mr. LLOYD GEORGE: Yes, about one-fifth.

Sir JOSEPH WARD: Of the British imports to New Zealand, yes. If you applied the same system, and gave us 20 per cent. of the total articles imported into England, we should say it was a good thing.

Mr. ASQUITH: I am not complaining at all; but I was only pointing out what the dimensions of the preference are in answer to Sir William Lyne's question.

Sir JOSEPH WARD: From our point of view what we have already done shows an earnest desire for preference to be given to the old land. Whether we are right in that or otherwise must be left to others than myself to judge. We believe that it is a good thing, and are quite prepared to extend it. As far as New Zealand is concerned we are only too ready to enter into a reciprocal treaty with our friends of Australia to which Mr. Deakin has referred. We have also an adjustment of the Customs Tariff to put on the Statute Book next session, and we are most anxious to bring about improved trade relationships between the Colonies, and most anxious to assist in the development of trade between the old world and the newer one. Apart from feelings of sentiment which are so valuable, we have an additional desire to build up our country by reciprocal treatment, which will strongly develop trade between ourselves.

Dr. JAMESON: Lord Elgin and gentlemen, I shall be brief, indeed. After the able and full speeches of Mr. Deakin and Sir Joseph Ward the ground seems to be pretty well covered. At the same time, as Sir Joseph Ward has said, this is an extremely important subject, I might almost say vital, if you look to the future of our Colonies and of the Empire generally. Therefore I do not think the representative of any Colony would be justified in not saying a few words in support of the proposition now before the Conference.

As regards the Cape, which I represent, I think it is peculiarly fitting that its representative should speak. Though economically, certainly, we are far behind the representatives of the Colonies who have already spoken, yet in the inception of this idea of preference, I think our statesmen were quite in the front. We have had two great statesmen—somebody said the only two men we have ever produced to whom you could legitimately apply the word "statesmen"—Mr. Rhodes and Mr. Hofmeyr. Mr. Rhodes as far back as 1890, I remember, immediately he took office, wrote to the then Prime Ministers of Canada and Australia, putting before them this proposition of preference to the goods of the Mother Country. Again, when the Chartered Company was established in Rhodesia, Mr. Rhodes insisted, and with great difficulty carried his point, that there should be a clause put in the Order in Council establishing it that no British goods entering Rhodesia should ever be charged more duty than the then Cape Tariff, which was 9 per cent. at that time. That has been carried out, of course, ever since. The Customs Tariff of the South African Customs Union is 12 per cent., but because of that clause introduced by Mr. Rhodes we have to allow Rhodesia only to charge 9 per cent., 3 per cent. less than the Cape. Then Mr. Hofmeyr, as Mr. Deakin has quoted already, in 1887 brought this forward, returning to it again in 1894, at Ottawa, and certainly, with regard to that objection to preference that it might include bargaining, and might also lead to strained relations between the Mother Country and the various Colonies, as brought forward by Mr. Hofmeyr, there was no question that that would be done, not as a question of any advantage to the Colony itself, but

as a question of uniting together in defence, which is the most important subject, all the portions of the British Empire. Then also in the Cape and South Africa, the practical carrying out of preference with the Mother Country was largely helped—certainly, I might say almost, brought about—by Lord Milner. When I mention these three names in connection with preference, I think South Africa perhaps has given what I might call a useful object lesson in a subject of this kind which affects the whole Empire, and as far as the leaders of political opinion in South Africa at all events are concerned, it was kept outside party politics, because I do not think anyone could say that Mr. Rhodes, Mr. Hofmeyr, and Lord Milner were on all fours in domestic politics in South Africa.

As I have said, Mr. Deakin has practically put the whole case before us, and any one following Mr. Deakin, especially as in my case I endorse every word he has said, would in attempting to elaborate it only weaken the case. So I am not going to attempt it. But I take it we are here to-day to try and get something from the Imperial Government. I am not going to split words about it. I am not going to say we are making a wonderfully generous offer from the Colonies, and it rests with the Imperial Goverment to do what it likes. Of course, it rests with the Imperial Government to do what it likes. As Mr. Deakin quoted from a statement of the Premier of Queensland yesterday, of course there was no question of insistence on the Imperial Government or any other Government adopting this preference principle, but I think we are all bound to influence in every possible way that we can, not only the Imperial Government but the other Colonies, to enter into some preferential arrangement. Therefore we are asking for preference from the Imperial Government—however small, I will put in—we want, if possible, the principle established. We who believe in preference believe it will grow of itself. So, however small it is, we will not say we will be satisfied, but we will be thankful. I know the objection of a certain section of the people is: "That is exactly the thing; we do not want a principle established; we do "not agree with it." To that I say, let us try the experiment, and see whether it will grow into a principle or not, and that might get over their difficulty.

You, Lord Elgin, told us, I think, in your opening speech on this subject, that perhaps we are not all agreed, but at the same time we could speak fully to each other on the subject, and perhaps come to an agreement and understand each other. Although it may be presumptuous for someone from abroad to attempt to influence the people in this country, I venture to say it is our duty, if we can, to influence them, even at the cost of being considered presumptuous. Remembering, as I say, that we are asking for something from the Imperial Government. I would say at the same time, from my view of the subject, we are not asking the Imperial Government to change its fiscal policy at all. I take it we are all agreed that all that we are really asking for is for the Government to change its methods with regard to fiscal policy, and are not asking them to change at our bidding its fiscal policy. I take it, some 60 years ago or more, when Free Trade was established in the United Kingdom, it was avowedly put forward that this was with a view to getting universal Free Trade throughout the world.

Mr. ASQUITH: No.

Dr. JAMESON: Well, I have always understood so. If it was not so, I say, from our point of view, our bringing forward preference at present is with the object of getting universal Free Trade throughout the world. Then we preference advocates at bottom are trying to go for Free Trade by steps, not at one jump. We do not expect, after the experience of the last 60 years,

to carry out anything we are doing by one jump. It seems to me that 60 years ago, when Free Trade was established here, of course England could afford to do it. It was the very best thing she could do at the time; she was practically in the zenith of her fame at the time, and wanted her raw material and food in cheap.

Mr. ASQUITH: It was in her own interest.

Dr. JAMESON: It was in her own interest. She forgot how she had built up that position to allow her to afford Free Trade. The last 60 years—we can look back upon that time—perhaps has shown us that she did forget she was built up as a manufacturing nation by Protection, by navigation laws. Then we can see that during that 60 years other nations have adopted the same method that was successful in England. They have caught up to her, or many of them have actually caught up—at all events, they are going to if they have not. It seems to us if they do catch up, and she does not change her methods, she is handicapped against them. They have got the handicap, of course, of Free Trade as practised in England, but they have not adopted it. Our idea is, as Sir Joseph Ward said just now, that having preferential trade throughout the Empire, which is ultimately an ideal but not practically so at present, might lead to Free Trade within the Empire, and then, as Mr. Deakin said, the enormous factor of the whole British Empire being Free Trade could compel modifications of the fiscal attitude of the rest of the world, and practically compel Free Trade throughout the world, and the recognition of individual effort everywhere. That is the general idea.

That being our idea of what preference may lead to, it is natural that we should do our utmost to influence the Imperial Government to see eye to eye with us on this subject. Already all the Colonies see eye to eye with each other. Therefore it seems to me, the case having been put by Mr. Deakin and Sir Joseph Ward, all that is left for us is to try and show, if we can, that it is not hopeless to get the Imperial Government to see eye to eye with us on this subject. I know we are met at the present time with the answer at once; "The nation has decided against you, and of course the Government must be "bound by what the nation has said at the last election." Even then I do not feel hopeless because looking back to the last 14 or 15 years one sees that governmental and other opinions on this subject have considerably changed. I should quote for instance that after the 1894 Conference at Ottawa, Lord Ripon, the then Colonial Secretary, issued a memorandum* on that, giving a series of objections why Mr. Hofmeyr's proposal, as it was brought forward at that time, could not be adopted. First, I think, he put that the Colonies themselves could never sacrifice their revenue to give preference. Well, they have all sacrificed their revenue, so that objection is gone. The next point was that any such preferential doctrine if it was carried out would interfere with existing British treaties with other nations, to the detriment of Great Britain. I believe the ones alluded to at that time were Belgium and Germany. Those treaties have been denounced, and I believe with no detriment to Great Britain. The third objection was that possibly you might have specific tariffs between the United Kingdom and the Colonies, but it would be so difficult to carry it out that it had better be dropped. I think that was very weak, surely it might be attempted, and you could not say specific tariffs were impossible until a commission had sat and inquired into the matter to see whether they were or not. It is a much bigger thing with regard to the United Kingdom, but here we have in tabulated form specific tariffs that are at work now between South Africa and Canada, Australia, and New Zealand respectively—a whole body of them—which makes a considerable difference I am sure in the trade between those

* *See* [C. 7824].

four dependencies. I may say when we were discussing in this room the question of a secretariat the other day, I had in my mind that if we got some very small concession which I am still hopeful of from Mr Asquith, one of the first uses of that secretariat would be to sit down and go into the tariff question of the United Kingdom and the Colonies. That was partly the reason at that time I was very insistent that the secretariat if possible should be composed of people conversant with the various Colonies and who would understand the tariffs. The last objection was that any such idea of preference would interfere with the natural channels of trade. I have a different idea of what the natural channels of trade should be from what Lord Ripon intended on that occasion. That really meant the most profitable channels of trade; but in the last few years many words have changed their significance, and I hope we have come to consider as the natural channels of trade those channels where our kith and kin are rather than the foreigner.

I think that shows there has been considerable change in governmental opinion in the last 14 or 15 years. Then in a much more recent period I think we get a good deal of hope of a change of opinion even amongst the present Government. We were all very pleased to see Mr. Lloyd George's Bill the other day in connection with shipping, to make sure that the foreigner should not have any greater advantages with regard to sanitary arrangements and load line, and so on. That is all in the direction of helping British shipping against the foreigner.

Then, in a recent speech of the Under Secretary of State for the Colonies, at the West Australian dinner, I think it was, I noticed Mr. Winston Churchill said it is a very easy thing for two tariff states to make arrangements one against the other, but it is an infinitely easier thing for two tariff states to make an arrangement to help each other. I do not see why with the several Colonies with a tariff it should not be an infinitely easy thing for them to make an arrangement with self-governing Colonies. As to the idea that the Government is pledged not to give any preference to the Colonies which it does not give to the rest of the world, I wonder if the Government remembers at the present moment that the British Government—as represented by those two small protectorates, Basutoland and Bechuanaland—is giving preference to these Colonies that we have made treaties with which it does not give to foreign nations. It is actually giving preference at the present moment, not at our request, but at the request of the Imperial Government, to Bechuanaland and Basutoland, which are entirely under the control of the Imperial Government. At the request of the Imperial Government they were included in our South African Customs Union, which gives a preference to Great Britain and the other self-governing Colonies.

Mr. LLOYD GEORGE: When was that?

Dr. JAMESON: At the last Customs Convention a year and a half ago, at Maritzburg, and in the one before also. I have only been three weeks in England, but I have received from various associations throughout England I believe a little over 700 resolutions in favour of tariff reform.

Mr. DEAKIN: I have had hundreds.

Dr. JAMESON: I had them counted the day before yesterday, and it was 680 then.

Mr. ASQUITH: Where from?

Dr. JAMESON: From different parts of the country—from England. A large number of those, I am glad to say, are from working men's associations. As Sir Joseph Ward said just now, and I quite agree, this thing must work slowly, but it is working slowly, and the working man is waking up to it. When Mr. Asquith interpolated yesterday while Mr. Deakin was speaking, and asked him how much of their goods go to Germany, and how much come back, I think the working man would have answered that question very well, and said: "Quite true, we could use all that wool in England"—and that is what the working man is learning—"and we would be employed to manufacture it." If you only put a tariff against Germany, probably it would be worth while for England to buy all that wool with that tariff against it, and the workman is, I think, beginning to think a good time would be coming for him. I agree with Sir Joseph Ward that none of us would be in favour of protection which would bear hardly on the working man here—an argument frequently used, but if that argument were carried out, and the workman had to pay a little more for some things he might be better off.

Mr. ASQUITH: How is the wool that goes to Germany to be got here?

Dr. JAMESON: When the manufactured wool would be cheaper within the Empire, which, as Mr. Deakin said, was a large factor, then probably it would not pay Germany to manufacture quite so much, and we would have a little more manufacturing than Germany, and therefore employ more people.

Mr. ASQUITH: My question was put with another object. Does wool come within the subject matter as to which you think preference ought to be given?

Dr. JAMESON: As a matter of fact, wool at present comes in free.

Mr. ASQUITH: I know.

Dr. JAMESON: I take it on the secondary subject of manufacture. Wool is a raw material, and we do not want to put anything on it but if you do not allow throughout the Empire the manufactured article from another country which gets wool cheap to come in on the same terms, probably the British will have the bigger market and bigger demand for the wool, and can pay more for the wool.

Mr. ASQUITH: You represent Cape Colony, a country which exports a large quantity of wool to this country and which exports no food to this country, and I am thinking in my own mind how we are to give a preference to South Africa.

Dr. JAMESON: I will come to that presently.

Mr. ASQUITH: I thought it might be pertinent to this question of wool.

Dr. JAMESON: We are rather, in South Africa, in the position of doing a great good and expecting to get very little back, but we expect to grow, as

Sir Joseph Ward says sympathetically just now, in South Africa. We do expect to be federated. We do expect to have other things to export besides the few articles that we now export. I will name presently the exports. Even without federation, at the present moment I have been making arrangements, while I have been in England, for a very large amount of maize to be brought over to this country where we can get a market. For us it is a very large amount. I was making arrangements for 80,000 tons for one season from a portion of Cape Colony to come here. In the future we do expect greatly to benefit from a preference which now is only benefiting the larger producers.

Mr. ASQUITH: I do not want to interrupt your argument, but perhaps you will tell us presently what the things are you export.

Dr. JAMESON: My argument was simply to try and influence the Government as much as I could. As Sir Joseph Ward said, we have three Ministers of the British Government here, and I am trying to impress upon them as far as I possibly can, that we are asking and pressing all we can to get something from them and as a kind of inducement I was saying that opinion is changing a little and we hope they will change a little bit further forward in the next two days; and then it will give us a beginning on this preferential question.

With regard to South Africa, we certainly cannot get much benefit at the present moment. There are some things we can get benefit from. The two main things are wine and tobacco. You say that is so small it does not matter, but take the wine alone; supposing we return to the old conditions before 1862, it would be a very great benefit to South Africa. In 1862 the United Kingdom were establishing Free Trade, and at the same time wanted a market for their goods, and so they reduced the tariff on French wines to the level of the Cape wines. The French wines were better then. I do not think they are now. We think we are going to produce as good wines.

Mr. ASQUITH: You are going to.

Dr. JAMESON: I think we do now, but we are going to do better. At that time the tariff came down. For a little Colony like the Cape at that time, 50 years ago, to get 130,000*l.* a year for its wine was a very considerable item, but it came down to 2*s.* 9*d.* on French wines, which was the duty on Cape wine at the time, and in a few years it was down to 80,000*l.*; at present it is nothing at all. We have developed enormously since that, and are producing infinitely better wine, and if we get a preference on Cape wine it would give an enormous impetus to one of our most important interests in Cape Colony. I may say, when I came into office at the Cape, I sent a long and elaborate memorandum to the then Government, and they gave me the usual sympathy, but they gave me nothing else. We know Governments are not all the same, and we still hope that because the former Government refused it that is no reason why the present Government should, and we may get something.

Mr. ASQUITH: Do you know any British Government which gives a preference to any form of alcohol?

Mr. DEAKIN: We give it to South Africa.

Mr. ASQUITH: I do not know about that. Sir Wilfrid Laurier does not, Australia is not supposed to, and South Africa does not, so this is an entirely new departure in preference referring to alcohol.

Sir WILFRID LAURIER: We do not.

Dr. JAMESON: In South Africa we give a certain amount of preference. We charge your whisky from here 21*s.*, and an excise on our own article of only 6*s.* We are quite prepared to modify that.

Mr. ASQUITH: That is giving a preference to yourself.

Dr. JAMESON: Exactly. You generally begin at home and then extend to others afterwards.

Mr. DEAKIN: I think in our treaty with you we do give a preference to alcohol.

Sir JOSEPH WARD: We do, I think, in reference to wines.

Mr. ASQUITH: As between yourselves?

Sir JOSEPH WARD: Yes, with South Africa; not spirits but wine.

Dr. SMARTT: Canada gives a preference on wine also, I think.

Sir FREDERICK BORDEN: No.

Dr. JAMESON: For brandy the ordinary rate of duty in Australia is 14*s.* per gallon, and the rate to colonies under the South African Customs Union is 10*s.* 3*d.* to 13*s.* per gallon. I believe the proposition before the Conference is—I know it is the proposition of Canada—that we give, irrespective of the United Kingdom giving anything at all, a certain preference, but when the United Kingdom reciprocates, then we are all prepared to come forward and give more. Paragraph 2 of the Cape Resolution is "The "Conference, while adhering to the principle of preferential treatment of "the products and manufactures of the United Kingdom desires, to impress "upon His Majesty's Government the opinion that the continuance of such "preferential treatment to the producers and manufacturers of Great Britain "is largely dependent upon the granting of some reciprocal privileges to "British Colonies." I wish to say at once, and emphatically, that there is no question of a threat there at all. What we are doing is giving a warning from our own experience. I am giving my experience that I have had at the Cape that the majority, as evidenced by the Customs Union, are in favour of preference. I know that in my Cape Parliament there is a minority who were not in favour of it, and in fact spoke against it, but at the same time that minority brought forward an amendment saying that no preference should be given unless there was reciprocity. Therefore, I am justified in saying that the whole Colony, with any reciprocity whatever from the United Kingdom, would be unanimously in favour of preference.

Mr. DEAKIN: We have the same minority.

Dr. JAMESON: I only wanted to emphasise that it was not a threat at all, but only that we might not be able to hold things together, that the minority might become a majority later on, and we, who believe that this is one of the most important links between the various portions of the Empire, are very anxious to say that our various Colonies are absolutely in favour of

preference if we have a reciprocity, however small. I was alarmed, if Sir Wilfrid Laurier will allow me to say so, to see that in the Canadian Parliament there is an intermediate tariff proposed. I suppose that means there is a preferential tariff, a maximum and a minimum. I suppose the probability is with that intermediate tariff the minimum would be accepted and the preference would probably go to other nations, or nations within the Empire. Preference, I presume, would remain, but suppose a treaty at the intermediate tariff was made, say, with the United States for a term of years.

Sir WILFRID LAURIER: Do you think there is any probability of that?

Dr. JAMESON: I do not know at all, but supposing it was with France, Germany, Italy, or anywhere. Supposing a treaty was made on an intermediate tariff, and supposing the Imperial Government gave a preference to Canada, then Canada probably would carry out further preference to Great Britain, but that further preference would surely be bound by this intermediate tariff, because this intermediate tariff, I suppose, would be made on the present preference to Great Britain. So really the further preference would be minimised. The point is when once you begin to make treaties outside there is no saying how far they go. When you once get commercial treaties and commercial sympathy, we generally find political sympathy follows. That is the last and the strongest argument. We hope the Imperial Government will see their way to help us in an experiment, at all events, of the smallest reciprocal preference to the various portions of the Empire.

Mr. ASQUITH: Is wine the only thing you mention?

Dr. JAMESON: Tobacco, I might mention, too, and sugar.

Mr. ASQUITH: What about tobacco?

Dr. JAMESON: I believe your duty on tobacco is 3*s.* at the present moment. Certainly it would be a great boon to us if we had a shilling preference on that, because in the Cape Colony we grow a very large amount of tobacco. In the Transvaal, proportionately, they grow still more and better. In Rhodesia, I believe, they are going to grow still more, and still better than even the Transvaal, because the land in Rhodesia has been proved up to now to be extremely good land for the growing of the highest class of Turkish and Egyptian tobacco. Supposing we get one shilling relief, I daresay the shilling would come off the excise in Ireland, and we would have all the Irish portion of the Government to help us with that.

Mr. ASQUITH: They are just starting a tobacco industry in Ireland, and there is a Bill to remove the prohibition on cultivation before the House of Commons.

Dr. JAMESON: It does not come into force for a long time?

Mr. ASQUITH: Next year.

Dr. SMARTT: A rebate of one shilling. I think the Irish would pay 2*s.* and the ordinary people 3*s.*, or an excise of 2*s.*, against the other excise of 3*s.*

Mr. ASQUITH: That applies only to what is a mere experiment.

Mr. DEAKIN: That is all we want.

Mr. F. R. MOOR: We only want the experiment.

Mr. ASQUITH: No, this is an experiment conducted over 100 acres.

Dr. SMARTT: But the experiment is on the basis of a 2*s.* duty instead of a 3*s.* duty.

Mr. ASQUITH: As I say, it is only extended to 100 acres of land.

Dr. SMARTT: But on the basis of a 2*s.* duty instead of a 3*s.* duty.

Mr. ASQUITH: We might as well not have imposed any duty at all. Practically the duty did not enter into it at all, but it was simply to see whether or not, as a matter of experiment, tobacco could be grown in Ireland, and over those 100 acres we allowed them to experiment practically free of duty.

Dr. SMARTT: But I understood that the duty collected by the State or Excise on the product, whatever it may be, will be collected at 2*s.*, or a rebate of 1*s.* will be given.

Mr. ASQUITH: On that 100 acres—nothing else.

Dr. SMARTT: But on that 100 acres?

Mr. ASQUITH: Yes.

Dr. SMARTT: It is practically a rebate.

Mr. ASQUITH: It might have been made duty free. It was a mere experiment to see whether tobacco could be grown in Ireland, and we allowed them to have 100 acres for the purpose, but that is not going to regulate the future growth of tobacco in Ireland. When they grow tobacco on a practical scale they will pay strictly the same as other people. There is no preference of any kind.

Mr. F. R. MOOR: Lord Elgin and gentlemen, I have not very much to say, as I think the ground has been very well covered by the previous speakers as regards the Colonial view, and the points that have been adduced by Mr. Deakin and Sir Joseph Ward have fairly stated the position.

I only want to say a few words about the arguments adduced by Mr. Deakin with respect to the condition of things as regards our opponents in different parts of the world. While England and the Colonies have in the past been giving equal treatment, these nations have built around them impregnable tariff walls, and thus enjoyed free trade in a double condition—having the whole of their population and also the population of England and of India for their trade, which, in my humble opinion, must give our competitors an enormous advantage. If there is one thing that has been found to be unquestionally accurate it is that in modern methods the great

volume of production is the cheapest method for such production. Having those large markets, our competitors must to that extent have a far greater advantage as against our limited population represented by these islands and the other countries that happen to be within our control or purview here.

I wish to point out also that this is going on in a more insidious and perhaps more mischievous way against us all than is at present realised. Your competitors are to day dealing with raw materials at the fountain heads, and, as has been already pointed out, they are diverting from you here those raw materials for their own ends to work them up, and in working them up to pay their own people the wages for the manufactured articles which will eventually come directly into competition with you here and also in the Colonies. It has been pointed out that a large amount of wool has been diverted from Australia directly to your strongest competitors. This is going on in South Africa. Mr. Asquith pointedly asked my colleague, Dr. Jameson, how this was affecting the position of preference. By subsidies as regards steamers, by rebates on State railways in those countries, force is being employed against you to direct that raw material from your manufactures here. That is having a very serious effect as regards your getting that commodity in sufficient quantities to keep you going as against that competition. I do hope that in talking over preference we are not going to limit it only to tariff reform, but we are going to embrace all the different links that connect us in our industrial progress throughout the whole process of such methods. The cheapening of your shipping freights, as has been pointed out by Sir Joseph Ward, is a very great advantage. The rapidity by which the intercommunication is to be brought about is not to be calculated, but on the top of all that, if we are to have these railway rates so adjusted as to further give the advantage to those who are competing against you, you have to be very much alive to see how far such insidious methods are leading you and your industries to a very serious position. We realise it in South Africa, because we have had there, and we unfortunately have now, a tremendous trouble as regards these railway rates, and they have just as important a bearing on the whole problem as the shipping rates and other elements that lead to the progress of our industries.

I have had brought to my notice by the shipping people in South Africa this condition of things, and I have been asked to call attention to it at this Conference. It is very difficult to ascertain what amount of advantage is being given to some of your competitors in this direction. I am unable to give you in any way the slightest indication as to that, but surely with your means of getting information you should be alive to this condition of things, We, in South Africa, I am also informed, are likely to have one of the most powerful lines of steamers operating in these markets. This is a recent development, and it is going to have under present circumstances, I believe, a very profound effect as regards the trade conditions of that country.

When we talk of preference I wish all the different elements to be taken into consideration. It covers the whole ground, and wherever we can assist each other by that means we are going to promote to that extent our mutual interests. Perhaps it is rather impudent of me to say that I am neither a Free Trader nor a Protectionist. I think these past shibboleths have been perhaps mischievous in crystallising us to one or other set of ideas. I believe in a discriminating scientific tariff which is so adjusted as to meet our interests to the utmost without committing ourselves either to one or the other policy. We in South Africa have as many articles on our free list as we have on our protected one. That tariff, although it is not a perfect tariff—and we can never hope to have a perfect tariff, because a tariff, like a growing tree, is ever throwing out fresh branches, and ever having fresh requirements to adjust itself to a growing industry—I say we must always be adjusting and re-adjusting our tariff to meet the changing conditions of

our various industries, but we do have on that list a number of lines free, as many as are protected. These are made free to promote our various industries. You here have lost many of your industries, I have been informed. I may have perhaps the impudence to say that it was because of your Free Trade policy.

Mr. LLOYD GEORGE: What industries have we lost?

Mr. F. R. MOOR: I think glass.

Mr. ASQUITH: No, we have not lost it at all.

Dr. JAMESON: There is not much left.

Mr. F. R. MOOR: Sugar refinery; silk.

Mr. LLOYD GEORGE: No; I had a deputation of silk manufacturers before me last week, and one of them protested most strongly against the idea that it was a dying industry.

Mr. F. R. MOOR: Clock-making is another.

Mr. LLOYD GEORGE: I had a deputation from them, also, not long ago.

Mr. F. R. MOOR: They still exist in a languishing condition. However, if in these cases you had some kind of protection for these lines, which would not after all have increased the cost of living to your people, but would on the other hand have found employment for them—I say, had that been the case then to that extent, if your industries suffered at all—and I think Mr. Chamberlain did show it very strongly in his campaign——

Mr. ASQUITH: I do not quite agree with him.

Mr. LLOYD GEORGE: Nor did the nation quite agree with him.

Mr. F. R. MOOR: I say, had they suffered then to that extent, it might have been remedied by giving relief in those directions.

You have already a tariff on wine, sugar, tobacco, and tea. You are taxing your people. I will take tobacco as one line, and we ask you to give relief to your people to the extent of giving us preference on that tariff, say, on tobacco. You would be helping us to build up a new industry in South Africa which is a very promising one, and from which I believe you can get supplies as good as any in the world. At the same time you would be doing your people a benefit by reducing taxation in their favour, which I believe is in the direction of your Free Trade policy.

However, it will be interesting to know what objections you can have to making an experiment in that direction as regards your own Colonies, and in the interests of your own consumers by reducing taxation. If nothing comes of this at all the discussion we have had here is going to be of value to us all, inasmuch as it is going to make us all think, and having got the people of these different Colonies to think over these large questions, and the people of these islands to think over these

questions, having got to that condition, I say it will do good, inasmuch as it will bring before us all the chance of moving in the direction we hope for, or of England being able to prove to her Colonies that they are asking for an impossible concession. The movement has grown, and, I believe, is growing. Certainly with us it has grown in South Africa, and we to-day are giving preference to you here. There is a large section of our people who are still more or less not heartily with us, but I believe the majority are strongly in favour of continuing a preference to the Motherland without price or without terms. We also have given reciprocity to our sister States, Canada, Australia, and New Zealand, and I think South Africa to-day is really in the forefront of the movement.

CHAIRMAN: It is obvious that we cannot finish this discussion to-day, and as we have reached the hour of adjournment I suppose it would be convenient now to adjourn. May I make one observation? I thought we had two more days this week, but I find that some members of the Conference have engagements on Saturday, and therefore to-morrow is our only day. I think it is very desirable that we should finish this subject now before the Conference this week, if it is at all possible to do so, and I suggest that we might meet, therefore, at half-past ten to-morrow morning, and perhaps it might even be possible to have in reserve a sitting in the afternoon, if Mr. Lloyd George could manage to attend.

Mr. LLOYD GEORGE: Yes, I could be here. Does Mr. Deakin propose opening on the question of treaties, or does he propose to leave it for separate treatment?

Mr. DEAKIN: It was suggested at the beginning that we should leave that for separate treatment. It is an independent question.

CHAIRMAN: Yes, it is.

Mr. LLOYD GEORGE: I quite agree.

Mr. F. R. MOOR: I have one more word, and that is, that as regards these freights on steamers with respect to goods and other commodities, my argument would be just as strong in the direction of passenger fares. Here, by mutual work and mutual assistance, I think we can do a vast amount of good, not only to you but to the Colonies, by so adjusting these passenger fares as to direct the emigration from these islands to the various Colonies under the flag. It should be as easy, though not quite so cheap, certainly, to convey people from these shores to these different possessions as for people to go from one end of England to the other. This can be done only by the co-operation of the Colonial Governments, together with the Imperial Government, in connection with the shipping that plays such an important part in all our interests. I do hope that this question will not be lost sight of when your secretariat is established, so that they may take the matter up and focus it before public opinion.

Sir WILFRID LAURIER: I do not understand exactly what is meant by different treatment with regard to the question of treaties, which seems to be absolutely germane to this question.

CHAIRMAN: Only that it falls to the Board of Trade rather than to the Chancellor of the Exchequer to deal with.

Sir WILFRID LAURIER: I mean so far as the discussion is concerned.

Mr. DEAKIN: It is undoubtedly bound up with the discussion of the whole issue, but it was suggested by the Chairman that it might be as well to deal with the purely fiscal question first, and then take the argument as to the treaties.

Sir WILFRID LAURIER: But it seems to me it could not be separated. I understood we were to hear Mr. Asquith first, and then Mr. Lloyd George.

Mr. LLOYD GEORGE: It is purely the Australian proposal with regard to British ships and white labour that interferes with treaties, but I rather gathered from Mr. Deakin's speech that he did not consider that an essential part of his proposals.

Mr. DEAKIN: Not to that particular proposal, but I regard it as important to have our relation to all treaties determined, and wish to submit the considerations which have led my colleague, the Attorney-General, to contend that we are not at present bound by any of the treaties referred to.

Mr. LLOYD GEORGE: That is a very serious proposition.

Sir WILFRID LAURIER: It is difficult to establish, but at the same time there is no question that it is of more importance to hear that than to hear the condition of the treaties.

Mr. LLOYD GEORGE: I do not think it interferes at all with Canada, but it does interfere with the Australian proposals very seriously.

Sir WILFRID LAURIER: But it is germane to the whole question, and we are discussing it now. I do not know where such proposals would land us.

Mr. DEAKIN: But it is not necessary to intermingle the argument about treaties with that upon fiscal proposals. The intention was to separate the arguments, and leave Treaty powers last.

Mr. ASQUITH: I should hope we might conclude what you call the general fiscal argument by lunch time to-morrow.

CHAIRMAN: And then go on with the rest in the afternoon.

Mr. ASQUITH: Sir William Lyne wishes to say something.

Mr. DEAKIN: He will look at what I have said, so as not to repeat anything.

Mr. ASQUITH: Sir J. L. Mackay wishes to say something, and he represents India.

Mr. DEAKIN: Not in the sense in which we represent our countries. He represents the British Government.

Mr. ASQUITH: He speaks for the Secretary of State.

Adjourned to to-morrow at half-past 10 o'clock.

TENTH DAY.

HELD AT THE COLONIAL OFFICE, DOWNING STREET,
THURSDAY, 2ND MAY 1907.

PRESENT:

The Right Honourable THE EARL OF ELGIN, K.G., Secretary of State for the Colonies (President).

The Right Honourable Sir WILFRID LAURIER, G.C.M.G., Prime Minister of Canada.

The Honourable Sir F. W. BORDEN, K.C.M.G., Minister of Militia and Defence (Canada).

The Honourable L. P. BRODEUR, Minister of Marine and Fisheries (Canada).

The Honourable ALFRED DEAKIN, Prime Minister of the Commonwealth of Australia.

The Honourable Sir W. LYNE, K.C.M.G., Minister of Trade and Customs (Australia).

The Honourable Sir JOSEPH WARD, K.C.M.G., Prime Minister of New Zealand.

The Honourable L. S. JAMESON, C.B., Prime Minister of Cape Colony.

The Honourable Dr. SMARTT, Commissioner of Public Works (Cape Colony).

The Right Honourable Sir R. BOND, K.C.M.G., Prime Minister of Newfoundland.

The Honourable F. R. MOOR, Prime Minister of Natal.

General The Honourable LOUIS BOTHA, Prime Minister of the Transvaal.

Mr. WINSTON S. CHURCHILL, M.P., Parliamentary Under Secretary of State for the Colonies.

Sir FRANCIS HOPWOOD, K.C.B., K.C.M.G., Permanent Under Secretary of State for the Colonies.

Sir J. L. MACKAY, G.C.M.G., K.C.I.E., on behalf of the India Office.

Mr. H. W. JUST, C.B., C.M.G.,
Mr. G. W. JOHNSON, C.M.G., } *Joint Secretaries.*

Mr. W. A. ROBINSON,
Assistant Secretary.

ALSO PRESENT:

The Right Honourable JOHN MORLEY, O.M., M.P., Secretary of State for India.

The Right Honourable H. H. ASQUITH, M.P., Chancellor of the Exchequer.

The Right Honourable D. LLOYD GEORGE, M.P., President of the Board of Trade.

Mr. W. RUNCIMAN, M.P., Financial Secretary to the Treasury.
Mr. H. E. KEARLEY, M.P., Parliamentary Secretary to the Board of Trade.
Sir E. W. HAMILTON, G.C.B., K.C.V.O., Permanent Financial Secretary to the Treasury.
Mr. H. LLEWELLYN SMITH, C.B., Permanent Secretary to the Board of Trade.
Mr. A. WILSON FOX, C.B., Comptroller-General of the Commercial, Statistical, and Labour Department of the Board of Trade.
Mr. J. W. HOLDERNESS, C.S.I., of the India Office.
Mr. G. J. STANLEY, C.M.G., of the Board of Trade.

CHAIRMAN: Gentlemen, while we are waiting for the Chancellor of the Exchequer, may I take the opportunity of mentioning the agenda for next week. I understand that we cannot sit again after to-day this week, so that we have to consider what days are available to finish the proceedings of the Conference, as I understand we must, somewhere about the middle of next week. There are two adjourned discussions; one Naval Defence, and the other Naturalization. With regard to Naval Defence, I understand from the First Lord of the Admiralty that he has had a discussion with various members of the Conference, but he does not seem to be quite clear whether they wish to submit to him further proposals before the matter comes before the Conference again. He suggested that we might take this question on Wednesday.

With regard to Naturalization, I understood when we adjourned that some members of the Conference wished to put on record their views with regard to that subject, but I do not suppose there is any intention of taking any definite decision on the matter at these meetings. Therefore that subject might be taken if it suited the Home Secretary (which I will ascertain) either on Monday or Tuesday.

Sir JOSEPH WARD: It will not take very long so far as I am concerned.

CHAIRMAN: I think Sir Wilfrid Laurier wishes to speak upon it.

Sir WILFRID LAURIER: I have very few words to say upon it.

CHAIRMAN: Then there are certain other questions mentioned on the agenda paper with regard to patents, trade statistics, company law, the metric system and reciprocity of treaties, all of which I think would not take any great length of time, and some of them at any rate fall to be dealt with, under the new procedure of our organisation, by action subsequent to the Conference. I suppose the Conference would wish, on all of these questions, to have an opportunity of recording an opinion.

Sir WILFRID LAURIER: None of these questions seem very contentious.

CHAIRMAN: None, so far as I know.

Sir JOSEPH WARD: I suggest you might group those matters together. The question regarding the metric system, in view of the interview we had with the Chancellor of the Exchequer, I should think could be disposed of in 10 minutes; and we might, if they are all grouped together, finish all these questions in one morning.

Mr. DEAKIN: There are one or two matters I asked for information about as to the commercial treaties which have been concluded.

CHAIRMAN: That point comes really subsequent to this discussion. Mr. Lloyd George is prepared for that.

Mr. DEAKIN: Then there is the question which is now associated with that of the Secretariat, but was started independently of it, with reference to the possible exchange of officials between the Colonial Office and the several departments of the Empire.

CHAIRMAN: That also we have on the list. But I wanted to ascertain from the members of the Conference what days next week are at our disposal.

Sir WILFRID LAURIER: So far as I am concerned I think we are ready every day.

CHAIRMAN: Up to Thursday.

Mr. DEAKIN: And further if necessary.

CHAIRMAN: Some of the members are going to leave on Thursday.

Sir JOSEPH WARD: I am due in Edinburgh on Friday morning.

CHAIRMAN: I think we probably can arrange for the first four days of next week to exhaust the matters still left to be discussed. At any rate I will arrange on that footing that we will take either Naturalization or other subjects on Monday, and some of the other subjects on Tuesday, and the Admiralty subject on Wednesday.

Sir WILFRID LAURIER: Then we sit on Monday, Tuesday, Wednesday, and Thursday.

CHAIRMAN: Yes. Perhaps, as the Chancellor of the Exchequer has not yet arrived we might hear the representative of India, if the Conference have no objection.

PREFERENTIAL TRADE.

Sir JAMES MACKAY: Lord Elgin and gentlemen. Ever since the proposal that Great Britain should impose a general import tariff, and should admit without taxation, or at a lower rate of duty, imports from British

Dominions so as to establish what has come to be described as "Preference," those who are responsible for the Government of India, with which this country carries on a very large and important trade, have given the subject serious and constant consideration. As in duty bound, they have looked at the question from an Indian point of view; but they have considered it no less from a wider and Imperial aspect. The interests of India are indissolubly bound up with the interests, not only of Great Britain, but also with those of His Majesty's other Dominions beyond the Seas, and it may be safely asserted that the interests of Great Britain, as well as those of most of the over-sea Dominions, owing to the intricate and inter-dependent web of commerce, are equally bound up with the prosperity and interests of India. It is a matter of deep regret to those responsible for the Government of India that they should find themselves at variance on this most important question with the distinguished statesmen who represent Canada, Australia, New Zealand, and South Africa, and who have stated their case, if I may say so, with an earnestness and an eloquence befitting that high patriotism and love of country which inspire their proposals.

Under the existing fiscal system, India enjoys a highly advantageous position. Since the establishment of the gold standard in India securing a stable rate of exchange, a measure initiated by Lord Lansdowne's Government in 1893, and brought to fruition by you, my Lord, during your term of office as Viceroy, the finances of India have been in a satisfactory condition. The trade and commerce of the country have been prosperous and flourishing, and have been fully equal to the strain of providing the means of remitting the large amount annually required to discharge both her public and private sterling obligations. There is no sign that this prosperity is insecure, nor is any important trade or industry seriously menaced by the restrictive tariffs of foreign countries.

The rapid growth of the external trade of India can be shown by a few figures. In 1896–97 the total value of the sea-borne trade (merchandise and treasure) was 132,000,000*l.* In 1905–6 it was 214,000,000*l.* sterling. This is an increase of 66 per cent. in 10 years. Taking merchandise only, in 1896–97 the imports were 47,000,000*l.* sterling, and exports 66,000,000*l.* In 1905–6 the imports were 69,000,000*l.* and the exports 105,000,000*l.* sterling. Thus imports increased by 47 per cent. and exports by 60 per cent. in 10 years. A very good share in the increased trade of India has been enjoyed by this country. The value of British imports into India in that period has increased by nearly 40 per cent. They still represent 66 per cent. of the total imports of India. A remarkable feature of the Indian figures is the growth of the exports to foreign countries. Some of the best customers of India are the protected countries of Europe. Without the markets which they supply, it is very doubtful whether India could dispose of the particular commodities which she is able to produce.

Mr. DEAKIN: Raw materials?

Sir JAMES MACKAY: Mostly. Further particulars on this point are given in the India Office Memorandum on "Preferential Tariffs in their application to India," which is being submitted to the Conference. It seems, therefore, to be clear that the interests of India call for no change in the direction under discussion. It is equally clear that any change materially affecting the present circumstances of Indian trade might be fraught with danger. The maintenance of an excess of exports over imports sufficient to discharge her sterling obligations is an essential requirement for India.

It is a fact of no small importance that the purchasing power of India in British markets, and her ability to discharge her sterling obligations, are

largely dependent on her trade with foreign countries. This is brought out in an analysis of the import and export figures, which shows that, while the British Empire sells to India goods to the value of 50,000,000*l.* sterling, it buys from India goods to the value of 29½ millions only, and that, while foreign countries sell to India only 18,000,000*l.* sterling worth of goods, they buy from India goods to the value of no less than 66,000,000*l.* sterling. It is obviously, gentlemen, the interest of India to retain the goodwill of our foreign customers.

The risk of damage to Indian trade from retaliation by foreign countries cannot be regarded as imaginary, notwithstanding the fact that a large proportion of Indian exports consists of raw materials useful to these countries in their industries. It has indeed been suggested that India is in a strong defensive position, as in the event of a war of tariffs she could resort to a discriminating export duty on certain classes of raw material. But apart from the economic objections to which such duties are open, especially as a feature in a scheme of preferential tariffs primarily designed for the encouragement of exports, the practical difficulties in the way of the enforcement of such duties so that they should operate by way of penalty against a particular country, would be insuperable. For the country thus penalised might obtain its supplies through the medium of British or of other foreign ports, instead of direct from India, and it would be impossible to prevent evasion of the duties in this manner. Besides, it is not clear that India enjoys an effective monopoly in any large number of articles that are essential to the existence of foreign industries. Even with regard to certain articles that are essential to the existence of foreign industries—even with regard to certain articles, such as raw jute, oilseed, lac, teak wood, myrobalsams, and mohair, in respect of which it might be said that such a monopoly exists, it must be borne in mind that a substantial increase in price produced by an export tariff might lead, sooner or later, to the production of those articles in other countries, to the discovery of substitutes for them, or to a lessened demand. In any of those eventualities, the export trade of India would be seriously affected.

On the question as to whether India would avoid risk by remaining outside preferential arrangements adopted for the rest of the British Empire, it might be urged on the one hand that foreign countries would recognise the attitude of India, and in the case of adopting measures of retaliation against the British Empire would exempt articles of Indian export from their scope. On the other hand, it might be said that India could not be certain of obtaining such an exemption, inasmuch as foreign countries might impose retaliating duties on Indian articles—and Mr. Deakin gave us an example of this the other day—with the object of attacking Great Britain by injuring Indian trade. Furthermore, if isolated from the rest of the Empire, India might be held to have forfeited any right to be supported against attacks made on her trade; whereas an essential condition of any general preferential scheme would doubtless be that the Empire would act as a united whole in any tariff war, and that any one member who might be attacked would be entitled to support from all the other members. That, I take it, gentlemen, is your idea. Mr. Deakin has referred to an incident which occurred with France a few years ago in regard to Indian coffee, and to another which occurred a little later with Russia in regard to Indian tea. The facts are as follows:—France had a fiscal dispute with Brazil. To put pressure on Brazil a double scale of duty on coffee, and some other kinds of Colonial produce, was introduced into the French tariff, and the higher scale was made applicable to countries which were not specially admitted to the lower scale. Indian coffee imported into France thus, quite incidentally, became subject to the higher duty. We ascertained that France had no grievance whatever against India, and did not desire to penalise Indian coffee,

and was prepared to admit it and other Indian Colonial products to the minimum tariff, in return for a purely nominal, or what might be termed in China, a "face-saving" concession. This concession eventually took the form of the lowering of the Indian import duties, not for France alone, be it observed, but for the whole world, on two absolutely insignificant articles—vinegar and green copperas. No hint was thrown out in the course of negotiations with France that India might possibly resort to retaliation. Lord Curzon's Government, it is true, suggested that the possibility of retaliatory measures should be mentioned, but His Majesty's Government—and this was a few years ago—declined to adopt the suggestion. They doubted its expediency, and they felt sure that when France had settled her dispute with Brazil, she would take steps to remove India's grievance. The second incident referred to by Mr. Deakin arose out of the action of the British Government in excluding Russian sugar against bounty-fed sugars, in accordance with the Brussels Sugar Convention. The Russian Government protested against this exclusion as being an infraction of the "most favoured nation" treatment, and followed its protest by placing a surtax on Indian and Ceylon teas entering Russia by Europe, or the Black Sea route. His Majesty's Government decided not to retaliate on behalf of Ceylon, and not to authorise retaliation by India. The surtax is still in force, but it has had, apparently, not very much effect on the export to Russia of Indian and Ceylon teas, which has increased not inconsiderably during the last few years, as the following figures will show. The Ceylon export, which was 4,000,000 lbs. in 1899, was 11,000,000 lbs. in 1905. The Indian export, which was 1,500,000 lbs. in 1901–02, was no less than 10,000,000 lbs. in 1905–06. The surtax has evidently not destroyed the Russian taste for the best of tea.

Mr. DEAKIN: If it had, would the Government of India have taken any action?

Sir JAMES MACKAY: We might deal with that if it arises; but it has not arisen so far. An analysis of the export trade of India supports the conclusion that India has practically nothing to gain from the adoption by the Empire of a system of tariffs, discriminating against the manufactured products and food stuffs of foreign countries. In a few articles, such as coffee, indigo, rice, and wheat, it is true that some slight gain is possible if these articles were admitted to the United Kingdom on better terms than the same articles from foreign countries, but the gain would be trifling. Tea also has been suggested as a possible article for preferential treatment. But, gentlemen, Indian and Ceylon teas have now a secure market, as the competition of China has ceased to be important. In a total import of 321,000,000 lbs. of tea—mark these figures—into the United Kingdom, China is now represented by only 13,000,000 lbs. Furthermore, in the Convention of 1902 with China, at the request of Great Britain, the Chinese Government bound themselves—I would like Mr. Moor to note this—to impose an excise duty on machine-made yarn and cloth manufactured in China, when they came to raise the import duties on the abolition of likin, so as to deprive the duties on these goods of any protective effect.

Mr. DEAKIN: I do not know whether you are aware of it, but to some extent a distinct factor in the development of the trade in Indian tea in Australia was, in the first instance, the deliberate Preference given to India, as a part of the Empire against China, a country exterior to the Empire. In the earlier days of the Indian tea trade that was quite an influential motive in Australia; afterwards the taste for the tea became established.

Sir JAMES MACKAY: We are very much obliged to you for it. It would be very difficult for this country to press China to observe this undertaking, if, in the English market, Chinese teas were penalised. And, gentlemen, what reason is there for discriminating against China? She buys from this country no less than 17 millions' worth of goods, while the value of our purchases from her are something less than 3 millions sterling. A reduction of the present duty in favour of all teas imported into the United Kingdom, without discrimination, would no doubt, be of some importance to the Indian trade; but that would have no connection with a scheme of preferential tariffs. Whatever benefit might accrue to India and Ceylon from a reduction in their favour, would be obtained, to an almost equal extent, from a reduction to the same amount made on all teas in accordance with the existing policy of the United Kingdom of remitting taxation when no longer required for revenue purposes. The same remark applies practically to tobacco. The present specific duty falls heavily on Indian tobacco, because that is of much lower value than the other tobaccos ordinarily consumed, the duty being a specific duty; but any alteration in the duty on cheap Indian tobacco would be an ordinary adjustment of the tax, which could be fairly granted without any departure from the present fiscal policy of the United Kingdom.

Turning now to the other aspect of the question, namely, what advantages India can offer to the rest of the Empire under a preferential scheme, there is no doubt that she has more to give than she could possibly receive. Not only do the exports of India consist chiefly of commodities which are not likely to receive a preference in the tariff arrangements of the United Kingdom, but they go for the most part to foreign countries. On the other hand, three-fifths of the total import trade of India is the produce of the United Kingdom, and the goods belong to classes to which a discriminating tariff could be effectively applied. It is estimated that a third of the goods which the United Kingdom sends to India are exposed to the competition of foreign countries. India, therefore, has obviously more to give under a preferential scheme, than she can receive under such an arrangement. But the risks—and I say so deliberately—and sacrifices which this would involve, are greater than India is prepared to accept.

There is another matter connected with the subject, namely, the question as to what bearing the adoption by the United Kingdom of a scheme of preferential tariffs would have on the excise duty which is now imposed on cotton piece goods manufactured in India, and on the exemption of cotton twist and yarn from the customs duty levied on other classes of cotton manufactures. These exceptional measures were adopted when, under financial stress, as his lordship knows, the import duties were re-imposed in order to prevent them from protecting the Indian cotton industry in the smallest degree; and they were defended on the ground that the policy of the British Parliament and the Government of India was one of strict Free Trade. If that policy were modified, the matter would assume an entirely new phase.

It has been suggested that India might join a preferential tariff scheme, with liberty to impose duties of a protective character against imports from the British Empire, if accompanied by still heavier duties against foreign imports—something the same as you propose to have in Australia. There is no doubt that, if a preferential policy were adopted which admitted of the establishment of protective tariffs by Great Britain, proposals in this direction would be put forward and pressed by Indian manufacturers. They would claim the same right to protect their manufactures as the Colonies enjoy, and it would be difficult to offer a logical opposition to such a demand. I should like to add here, gentlemen, that a preferential arrangement clogged by a clause against ships manned by natives of India, subjects of the King as

we are ourselves, would be extremely obnoxious, not only to Indian opinion, but to Indian feeling.

Mr. DEAKIN: Is it obnoxious to Indian feeling that they are not engaged on ships in His Majesty's Navy?

Sir JAMES MACKAY: No, I do not think so.

Mr. DEAKIN: Is not the Mercantile Marine a support of the Navy? It is with no intention of discriminating in the least degree against Hindoos or any other people of the Empire, but solely with a view to the development of the Mercantile Marine in connection with the general sea supremacy of the Empire that our proposition is made.

Sir JAMES MACKAY: That is rather a matter for the First Lord of the Admiralty. He finds he has no difficulty in recruiting for the Navy.

Mr. DEAKIN: Read Lord Brassey and other critics.

Mr. LLOYD GEORGE: There is some difficulty in the British Mercantile Marine, but no difficulty in finding recruits for the Navy.

Mr. DEAKIN: But the Mercantile Marine is the support of the Navy.

Mr. LLOYD GEORGE: The real difficulty as regards the Mercantile Marine is that sailors prefer going to the Navy; and in the last few years we have added about 30,000 or 40,000 sailors to the Navy, and consequently the material we draw upon for the British Mercantile Marine has been constantly diminishing. That is our great difficulty.

Sir WILLIAM LYNE: I do not think that was thoroughly proved at the Shipping Conference.

Mr. LLOYD GEORGE: Pardon me, nothing was said about that at the Conference.

Sir WILLIAM LYNE: Yes, something was said about it.

Mr. DEAKIN: I only wish to make it clear at this stage that it is no reflection whatever upon the Hindoos or Lascars as sailors.

Sir JAMES MACKAY: I can assure you we are very glad to hear that. It is very acceptable indeed.

It is believed by the advocates of what is known as fair trade that this country (Great Britain), suffers severely whenever another country from whom she buys does not in a corresponding degree buy from her. In my humble judgment no greater delusion ever took possession of the human mind. If this doctrine were applied to the case of the trade between India and Germany, India and France, and India and the United States, Germany, France, and the United States, would have a serious grievance against India, as they all take from her much more than they sell to her; but we hear of no such compiaints.

Dr. SMARTT: Do they take manufactured goods.

Sir JAMES MACKAY: They take what they require.

Mr. F. R. MOOR: Raw materials.

Sir JAMES MACKAY: They buy what they want. The prosperity of a country's trade does not depend on her selling as much to any particular country as she may buy from it. Her balances must be adjusted in the general trade of the universe. As London is the great clearing-house of the world for money and credit, so India is one of the international clearing-houses for commodities. Any measure which disturbs the natural course of her trade as it now exists, must reflect unfavourably not on trade of India alone, but on that of the whole of the British Empire. As Mr. Deakin said in his opening remarks, the interchange of trade only takes place where there is mutual advantage. The benefit cannot be wholly on the one side or the other. To borrow a metaphor much favoured by the Mussulman, no single country can drink up all the water in the sea. We believe that any interference with the unrestricted flow of trade in this country, such as would be caused by the establishment of a general tariff, with all its concomitant customs examinations, appraisements, delays, and expense, would have the effect of materially diminishing the volume of the foreign trade of those islands, and of the trade of the Empire. We believe also that discrimination by Great Britain or India against foreign countries who are India's best customers would be prejudicial to India's trade. It is on these grounds that we take strong and decided objection to a change in the fiscal system either of this country, or of India.

In view of the advantages derived by the Empire as a whole from the possession of India, we suggest that any preference which the self-governing dominions of His Majesty may, in their wisdom, decide to grant to the Mother Country might reasonably be extended to the produce and manufactures of India, and that Great Britain and India should be regarded as one. I would ask Mr. Moor, if I might say so, to remember that our great Indian dependency is a heritage not solely of the people of these islands. It has come down with all its responsibilities from our common forefathers to the whole British race, and its possession and prosperity are a justifiable source of pride to the inhabitants, not of Great Britain alone, but also to their brethen beyond the seas.

Mr. F. R. MOOR: Might I say with regard to that surtax by the Russians on your tea, I did not quite catch what you said about it. It has not affected your trade with Russia?

Sir JAMES MACKAY: In spite of that tax our trade with Russia in Indian and Ceylon tea has largely increased.

Mr. F. R. MOOR: Who is paying that surtax, Russia?

Sir JAMES MACKAY: The Russian consumer, although he has to pay a little more for his tea, he has not ceased drinking either Indian or Ceylon descriptions.

Mr. F. R. MOOR: He is drinking your tea.

Sir JAMES MACKAY: He is drinking three times as much Ceylon tea, and about eight times as much Indian, as he did a few years ago.

Dr. JAMESON: The point Mr. Moor wishes to make is that you need not, therefore, be frightened of retaliatory measures by foreign countries. There was retaliation on the part of Russia, and, notwithstanding that, they take more tea. One of your points at the beginning of your address was that, supposing this preferential system was adopted, India would suffer very much probably from retaliation by foreign nations.

Sir JAMES MACKAY: One of the points in my address was that it had been argued that India could not suffer by retaliation from foreign countries, because in many of her exports she had a monopoly.

Dr. JAMESON: Then I made a mistake. That it might suffer I thought was a strong point made against our theory of preference. If you say India would not suffer from retaliation on the part of foreign countries, that is satisfactory.

General BOTHA: Lord Elgin, and gentlemen, I have listened with great attention to all the arguments on this question, but I have not been able to bring myself so far to acquiesce and agree with all that has been said here. The question of preferential trade is a matter that was handled by the Crown Colony Government in the Transvaal, and they had a Customs Conference, but the people of the Transvaal have never been consulted on the question of preferential trade. I myself have had no time to get a mandate from the people of the Transvaal on the matter, and I must state that all I can now do is to express the opinion that the resolution of 1902 should continue to stand as it does. I do not see any chance of pressing upon the Mother Country any addition to that resolution. The position that we take in the Transvaal, now that we have Responsible Government, is that the Mother Country ought to leave us alone as much as possible, to regulate our own affairs, and, therefore, it is all the more difficult for me to come here and interfere with matters concerning the Mother Country. So far as I can judge the situation, it appears to me that the British people made their voice and opinion heard on this matter during the last general election in England; and, therefore, I am only prepared to stand by the Resolution of 1902, and not to go further. And I only want to say this, that although no preference is given by the Mother Country to the Transvaal, the bond between the Transvaal and the Mother Country will not thereby be weakened. That is all I have to say.

Sir ROBERT BOND: Lord Elgin, and gentlemen, the views of the Colony that I represent were set forth by me at the last Conference, and I stand in somewhat the same position in respect to the resolutions before the Chair as the Prime Minister of Canada. The resolution which will be found on page 36 of the Blue Book was concurred in by me, and I shall therefore adhere to it, especially as my Government are at the present time taking steps to see how the principle contained therein can best be carried into effect. I shall again support that resolution when submitted by Sir Wilfrid Laurier as I understood from his remarks on Tuesday last it will be. In the meantime I should like to express my deep appreciation of the very able manner in which the resolutions now before the Chair were put forward by the Prime Minister of Australia, and to say on behalf of my government that we desire to co-operate in every way possible towards the establishment of preferential trade between the Colonies themselves and between the Colonies and the United Kingdom.

Mr. ASQUITH: Lord Elgin, and gentlemen, it is now my duty in conjunction with my right honourable friend and colleague, Mr. Lloyd George, to state on behalf of the Imperial Government the view which they take of the matters which have been so ably and exhaustedly discussed around this table during the last two or three days. Let me say, first of all, that, I think, two things are abundantly manifest and will be gladly acknowledged by all of us. The first is that whatever decision, or if you please, whatever absence of definite decision, may result from our discussions and proceedings, nothing that has been said here, or that can be said here, can in any way weaken our sense of Imperial unity or the desire of every one of the great communities represented at this table, within the limits of its opportunities, and, so far as the interests of its population allow, to promote that unity by every means in its power. In the next place let me add another thing which has appeared, I think, very clearly in the course of discussion, and that is the advantage of debates of this kind. If this Imperial Conference had produced no other results—and I am glad to think it is going to produce a number of very definite and very desirable ones—I think the mere fact that it had assembled round this table during the course of these three days the representatives of the great self-governing communities and the Imperial Government, for a free and frank interchange of opinion on matters of this kind, enabling one to realise as we can never do until we are brought face to face in friendly intercourse with one another, one another's points of view, and, if we differ, to see that that difference arises not from mutual misunderstanding but from a clearer and fuller understanding of one another's position, would in itself have been well worth while as a result to be attained. I am speaking, as I am privileged to do for the moment, on behalf of the Imperial Government. I can assure you, in their name, that we have derived great advantage and benefit from the interesting speeches, particularly the speech of Mr. Deakin, in which the case of preferential trade has been presented during the course of these three days.

But, gentlemen, there is one other thing, one further point, which emerges from the discussion, and which we may regard as common ground between us all. Sir Wilfrid Laurier has often said, I know, from what one has read of his speeches and of his writings—and he was the practical pioneer of Imperial Preference—that in this matter each community of the Empire must primarily pay regard to the interests of its own members, and I was very glad to hear that statement reiterated with great emphasis and explicitness by Mr. Deakin more than once in the course of his speech. There we are all agreed. We desire, as I said a moment ago, within the limit of our possibilities and opportunities to increase the sense, to enlarge the range, and to deepen the foundations of Imperial unity. But, particularly in these fiscal and economic matters, the primary and governing consideration with every one of us—the first consideration—must be how does it affect the community with which we are more particularly connected and which we have the honour here to represent? I believe, in saying that, I shall carry with me the unanimous opinion of the whole Conference. Imperial unity cannot be effectively or enduringly promoted by ignoring local conditions, interests or sentiments. As both Sir Wilfrid Laurier and Mr. Deakin have said, nothing is permanently gained for the cause of Imperialism, particularly in matters of this kind, unless what is given is spontaneously offered and what is received is ungrudgingly accepted. I think again I shall have the assent of you all to that.

Many people have endeavoured to explain in a formula or in a phrase that which distinguishes our Empire from the other empires of history, and I shall not enter into the competition. Mr. Deakin used some admirable language in his speech which expressed completely the ideas which most of us I think have in our mind, but we shall all agree in a general way that

the special feature of the British Empire has been that it has combined, and has succeeded in combining to a degree unknown in any other combination in history, a loyal and affectionate attachment between the centre and the parts of the Empire, and between the various parts themselves, with complete practical local independence. That is the secret, if we may call it a secret, which we have contributed to the history of Empire. For the first time in the history of the world we have managed to reconcile what hitherto has been found irreconcileable in every political combination, namely, the completest development of local liberty and independence without impairing, nay, rather with an enhancement of a sense of corporate unity and attachment between the parts and the whole. If that is true, gentlemen, of our Empire as a whole, of its structure, and of its foundations, nowhere is it truer, I think, than in this department of fiscal policy. It is by giving, as the Mother Country has done, complete fiscal autonomy to her Colonies—I will not say only by that, but it is partly by that, and largely by that—that we have succeeded in arriving at a working Imperial arrangement. We had our warnings. We tried the opposite policy in the 18th century. We tried to impose our fiscal system, or at any rate to impose taxation which was dictated from here, and not from there, on our self-governing Colonies on the other side of the Atlantic, and we all know the result. We lost them. British statesmen, to whatever political party they belong, have never forgotten that lesson, and during the whole of the Empire building and Empire developing which went on during the 19th century, when every one of the great Colonies whom I see represented round this table one after another received the grant of self-government, our statesmen of all parties were wise enough to recognise that unless they gave to those communities complete fiscal independence, they were giving them a boon which, in the long run, was not worth having, and instead of laying the foundations of a solid and durable Empire, they were simply sowing the seeds of future discord and possible dismemberment.

The Colonies, every one of them—your presence here to-day, and the statements and arguments we have heard during the last few days are sufficient to prove it—have used that fiscal autonomy in its fullest possible sense. They have adopted, practically all of them, a system which goes by the name of Protection. It is not for us to criticise that. We do not pretend to criticise it. Anybody who thinks that the British Government or any party in this country is foolish enough, and short-sighted enough and I was going to say impertinent enough, to preach Free Trade to other countries, and particularly to our own Colonies and Dependencies, either as an academic doctrine or a counsel of perfection, or what you please, entirely misunderstands the situation here. I am going to explain, in a moment, why it is that we consider the maintenance of Free Trade essential in this country to our own special interests. But do not let anybody here go away with the idea that we are seeking in anyway as propagandists or missionaries, or still less, as an Imperial power, to press the doctrine of Free Trade on the members of our own Empire. We are not; and the proof of that is, as I said, that the various Colonies have used their fiscal independence, which was rightly and wisely granted, to build up tariff walls, not only against foreign countries, but against the Mother Country also. At this moment in the Commonwealth of Australia itself, British goods cannot get in upon any more favourable terms than goods which come from any other Power. I say again, we do not complain of that. We do not ask you to alter that. You must be guided in a matter of that kind by what you believe to be the interests of your own fellow citizens in the communities to which you belong, and if you conceive, as you do conceive, that in the long run, the social and economic arguments in favour of fostering the growth and development of your native industries by means of protective tariffs proves to be the policy most consistent with the special conditions, and with the

dominating interests of your own communities, not one word—I will not say of remonstrance, because remonstrance would be a ridiculous thing to speak of—but not one word of criticism will you hear from those representing the Imperial Government. Even now—I call attention to it again, not as a matter of complaint, but as simply a matter of fact—in these very preferential tariffs that have been the subject of discussion during the last few days, there is not one of them which proposes to let British manufactures enter into the Colonial markets to compete on level terms with the Colonial manufacture in regard to the class of commodities the production of which you think it your duty to encourage by protective duties. And quite rightly, from your point of view, if I may say so, because what is the good of protecting and fostering the growth of native industries if at the same time you are going to admit against them into the market the most dangerous competitor in the whole world—because that is what the British manufacturer is.

Dr. JAMESON: We are going to admit the most dangerous before the less dangerous, namely the foreign.

Sir WILLIAM LYNE: The Americans are the most dangerous.

Mr. ASQUITH: You do not quite take my point, which is this, that you are not going to admit anybody, British or foreign, to compete on level terms in your markets in respect of the industries which you desire to protect. You could not do it. It is a negation of Protection. Obviously the thing itself is self-contradictory. I will not go into the question whether the British manufacturer will remain the most dangerous. I think at this moment he still is, at any rate, very dangerous, and you cannot have him in. You know you cannot without abandoning Protection. Why make any disguise about it? We do not make any, and you do not make any. So that you see, under the system of preference, or the mitigated form of Protection which it is proposed your protective tariff should now take, it is essential for your purpose in the exercise of your fiscal independence, and in the maintenance as you conceive it to be of your economic interests, to exclude the British manufacturers to a very large extent from your markets. I say I do not make it a matter of complaint, but I note it as a fact taken for granted by everyone round this table.

If we have given, as we have given, and as I have shown, complete fiscal autonomy to our Colonies, and if they have made and are making the fullest use of that independence in what they conceive to be their own interests, let me say that we retain that autonomy for ourselves, and I do not believe that there is a man here who will dispute not only our right, but our duty to do so. We retain it for ourselves, and just as you, examining the special local conditions with which you have respectively to deal in your various communities, have come to the conclusion—rightly or wrongly, I do not say—that is a matter we must leave to the verdict of history—that for the proper and rapid development of those communities the adoption of Protection is necessary or at any rate expedient, so we here, having regard to the special conditions and interests of our population, have come to the conclusion that the maintenance of Free Trade in its fullest and widest sense, is not only expedient but absolutely vital to our economic interests. That is not a sudden or hastily formed opinion on the part of the British people. They came to that conclusion 60 years ago. Someone said in the course of the discussion yesterday, that that was in the belief that the rest of the world would adopt the same view. Nothing of the kind.

Mr. DEAKIN: Was it not prophesied by Cobden?

Mr. ASQUITH: Mr. Cobden did, I think, at one time make such a prophecy. Prophecies are one thing, facts are another. Prophecies are dangerous things at all times, and are sometimes the expressions of a hope. But at any rate that was not the ground—as anyone will see on reading Sir Robert Peel's speeches—upon which Sir Robert Peel, the author of our Free Trade system, adopted Free Trade. He was converted to Free Trade. Why? Not because he thought it was a good thing for the rest of the world, but because he thought it was an essential thing for Great Britain in the peculiar circumstances of her economic conditions. That opinion formed then by Sir Robert Peel, and followed and developed, subsequently, particularly by Mr. Gladstone, has remained for 60 years the very root and foundation of the fiscal policy of this country, and, gentlemen, I am bound to say to you, speaking with the same frankness which you have used in speaking to us, in my opinion, in the opinion of His Majesty's Government, and in the opinion of the vast majority of the people of these Islands, the vital necessity of Free Trade, and the maintenance of it, for our economic interests, is far more demonstrable to-day than it was 60 years ago. How do we stand to-day? Let me ask you to realise what our position is: 43,000,000 of people in these two small islands bearing on our shoulders—I do not complain of it; it is a burden we are quite willing to sustain—the whole weight of the debt which has been incurred in the formation and development of this Empire, bearing also the cost—at any rate, the great bulk of the cost—of the Imperial defence, not only of these islands but of the whole Empire, in all its parts; 43,000,000 of people in two small islands with this burden upon their shoulders, and substantially dependent, both for their food and for the materials for the conduct of their industries, upon extraneous sources of supply. Those are the dominating conditions here in Great Britain and Ireland; conditions which do not prevail—happily, or unhappily, whichever way you like to look at it—in any one of the communities which you who sit around this table represent. It is those conditions which we have to bear in our minds, and which we have constantly to keep in view when considering whether or not we shall make this or that change in the fiscal system of the country. To what, with people so circumstanced as I have described, is it due that we are able to maintain, to the extent that we have maintained it, our predominance in the markets of the world amidst growing rivalries? We have seen the development of great industrial communities like the United States and Germany, and the development of yourselves in Canada and Australia, the development on the part of our own kith and kin and fellow subjects. How is it we have been able to maintain our position so far as we have maintained it, and I think we have on the whole maintained it very well? It is due to three things: in the first place to our special productive activity as a people which still keeps us, in many of the most important departments of production, at the head of the world. In the second place it is due to the profits which we derive from keeping open to the whole world the biggest market which is to be found anywhere, so that London and England are the clearing-house in which a great part of the intermediate business, as I may call it, of the whole commercial world is done. And it is due in the third place to the earnings of our shipping, which does the carrying trade, as you know, for more than half the world. Those are the means by which our wealth is maintained and secured, and, gentlemen, they all depend in the long run, as you will see if you reflect upon the special conditions to which I referred a moment ago, upon our being able to maintain, unimpaired in quantity and unenhanced in price, the food of our people and the raw materials of our industries. Curtail the sources of supply, raise the cost of supply, and you strike a deadly blow at the very foundations of our whole industrial

system. I am not going to address a lecture to you, as I am sure you will understand, but that, in a nutshell, so far as I can understand it, is the economic situation in these islands. It is not because we have any belief in abstract dogmas, or what are called "shibboleths"—I am sorry to say I heard the word used once or twice in the course of this discussion—it is no question of abstract dogmas, or shibboleths, or anything of that kind. Our Free Trade system here is based upon practical considerations. It results from the circumstances which I have outlined to you, and so long as those circumstances remain we cannot without treachery, not only to our own convictions, but to what we believe to be the true and enduring interests of our people, abandon the foundations of that system.

Gentlemen, I said it was established 60 years ago, but that the circumstances now seemed to us to render it even more imperatively necessary than it was then in the interests of our people. But I must remind you of this. We have recently had perhaps the most remarkable manifestation in modern politics, and the people have given their verdict upon this matter. It is just four years ago since the movement in favour of Colonial preference —I do not like the phrase, because I am in favour of Colonial preference as I conceive it to be properly understood—by means of tariff manipulation was started in this country. I am not going into controversial politics, but I want to recall one or two historical facts. It was started in this country by a statesman, Mr. Chamberlain, who presided for so many years with such distinction over the office in which we are now sitting, and who at that moment, I do not hesitate to say, spoke upon Colonial matters to the people of these Islands with a degree of prestige and authority which did not attach to any other individual in the country. It was started by him immediately after his return from South Africa. No political or economic campaign of our time, I suppose, was ever initiated under more glowing auspices, and it went on for three years, and these matters which we have heard debated round the table—I do not for a moment deny, with much freshness of illustration, for which I personally at any rate, as rather an old hack in this controversy, am very grateful—were for three years debated upon every platform and in every newspaper of Great Britain and Ireland. I do not say it completely monopolised public attention, but I can say, as I took some little part in it, that it was certainly in point of public interest the dominating topic during those three years. I myself rarely spoke upon any other subject, and I am afraid some of my friends here could say very much the same. It was certainly a dominating topic during those three years, and it was therefore after the fullest and most exhaustive presentation of the arguments upon one side and the other, that the judgment of the public was finally given. It was not a hurried judgment snatched in moment of excitement or enthusiasm, but a deliberate judgment formed after a most careful and exhaustive presentation of the case, and the result is what you see. Why is it that Lord Elgin, Mr. Morley, Mr. Lloyd George, and myself have the privilege of meeting you here? It is because of that very thing. We meet you here as the spokesmen and interpreters of the verdict given by our own fellow countrymen, and if I were to yield to the seductive arguments of Mr. Deakin—which of course, if it were a personal matter, I should be very glad to do—and to Dr. Jameson's blandishments of yesterday, and were to go down to the House of Commons to-morrow and to say, "Oh, we "misunderstood all this; there is something to be said for it. Let us "do what Dr. Jameson says and start on a very small scale, which will "admit the principle and will not do anybody any harm if it does not do "anybody any good"—if I were to go and make that proposition to-morrow to the House of Commons in any shape or form, there is not a man who knows this House of Commons who does not know that such a proposition would be defeated by a majority of two or three to one. Those are the actual

conditions under which we are carrying on the debate at this moment, and therefore, gentlemen, I should not be honest, and should be guilty of the grossest disrespect to you, if I did not tell you that in view of those circumstances it is impossible for His Majesty's Government to propose (and if they did propose it, it is perfectly certain that Parliament would reject it), any scheme of Colonial preference by means of tariff manipulation. I am obliged to state that bluntly and frankly at the outset. You will not suppose that I am wanting in any way in consideration or respect for the various arguments which have been used here.

Now having made that quite plain, as I am bound to do, I should like to deal, and I will do so very briefly, with two or three points that have been made in the course of the discussion. It was said by Mr. Deakin in his lucid and exhaustive address, that we here—and he included the Colonies and the other parts of the Empire—are being excluded from foreign markets by tariff walls. Gentlemen, I do not think that is a proposition which is capable of being sustained. We possess, in the case of almost all the countries with whom we are trade rivals, that Treaty stipulation which goes by the name of the most favoured nation clause, and I believe I am speaking well within the facts—and my friend Mr. Lloyd George will, I daresay, be able to supplement it if necessary by actual figures—when I assert these two propositions: that we stand better at this moment industrially in the tariff-protected markets of Europe than any of the nations which have protected themselves *inter se* by retaliation. That is one proposition. I say next—and I believe this to be equally true as a matter of fact—that our foreign trade has been growing of late years in those very protected markets even at a more rapid rate than it has elsewhere. I will not say than it has in China or the Argentine, but certainly than it has in the Colonies. The reason is not very far to seek. Nations may put up tariff walls as much as they like, but if they are well-to-do and go-ahead people, there are a lot of things they cannot do without. You know very well they cannot do without your raw material. We were told the other day by Mr. Deakin that there are some provisions in the German Tariff which operate particularly against Australian meat. I take it from him that is so. But they cannot exclude your wool, and they do not exclude it.

Mr. DEAKIN: America excludes a great deal of it.

Mr. ASQUITH: But I am speaking of Germany; Germany does not.

Mr. DEAKIN: No.

Mr. ASQUITH: In the same way there are a lot of things we make. Although we do not provide raw materials like wool, our exports to Germany are manufactures which the Germans cannot do without, and they recognise it, as everybody must do. We have seen it in the case of Canada. In the long run you cannot go on selling without buying. There is no tariff wall that has yet been erected, even in America, which is the highest of them all, which has succeeded in excluding, or ever will succeed in excluding, British goods from a market, so long as British goods retain their pre-eminence in quality and adaptability to the needs of mankind, and so long as those needs remain a constant or growing quantity. You cannot do it, and no power on earth can do it.

It is a very curious thing, and worth noticing in passing, that in the paper to which reference was made yesterday, "Miscellaneous Statements as " to British and Foreign Trade," you will find on page 3 a list of the exports of United Kingdom produce for an average of years, given in the order of

the best customer coming first. By far our best customer is British India and Ceylon. As Sir James Mackay has pointed out so well to-day, it is far and away our best customer. The annual average which they took from us in the three years 1904, 1905, and 1906, was no less than 44,381,000*l.*, an increase of 10,660,000*l.* as compared with the average of the previous triennial period. India is a Free Trade country, and we get the benefit of Free Trade there. Our second best customer is Germany, with 29,478,000*l.* That is an under-statement of our exports to Germany, because a great deal of what is put down to Belgium, and still more of what is put down to the Netherlands, is no doubt German trade. Germany is undoubtedly our second best customer. Our third best customer is the Australian Colonies and New Zealand. Those are both protected up to this moment. I agree New Zealand is not wholly protected, and gives us a slight preference, to which Sir Joseph Ward referred, but Australia up to this moment is a protected market. I simply quote three figures for the moment to illustrate how little permanent effect—I will not say tariffs are not injurious; they are—a tariff wall has in excluding trade where the natural forces that make for trade, and in particular the productive power and productive flexibility of a country like this, are really pushing the trade and are determined to force it in.

Mr. F. R. MOOR: I do not like to interrupt, but would you tell us whether that trade with Germany includes in and out trade with you in connection with the raw products of the Colonies which may come here?

Mr. ASQUITH: No, this is United Kingdom produce only.

Mr. F. R. MOOR: It has nothing to do with the Colonies?

Mr. ASQUITH: No. It is our own produce. I do not think, therefore, that the proposition that we are being excluded by tariffs from foreign markets is a proposition which bears close examination.

There is another point which incidentally I should just like to mention, not in any way as disparaging the value of the Imperial markets, but as negativing some inferences which are sometimes drawn, I think, from incorrect or insufficient data. As a matter of fact if you take the trade of the United Kingdom with foreign countries, and with British possessions, and look at it for the last 50 years, you will find that the proportions of that trade which have gone to foreign countries and British possessions respectively are practically constant. Take first the imports for the period 1855 to 1859, 50 years ago—and it is convenient to start there—the total imports into the United Kingdom then were 169,500,000*l.* Of this 76·3 per cent came from foreign countries, and 23·7 per cent. from British possessions—that is not merely the self-governing Colonies, but the whole Empire. I will not weary you by going through the different periods of five years which I have here, but you will find those figures vary very little. They went up in 1900–1904 as high as 79·2 per cent. from foreign countries, and sank as low as 20·8 per cent. from British possessions; but in 1906, which is the last year—and this is rather instructive—the total of imports having risen from 169,500,000*l.* 50 years ago to no less than 608,000,000*l.*, an enormous rise, the proportion from foreign countries was 76·6 per cent. as against 76·3 per cent. 50 years ago, and the proportion from the British Empire 23·4 per cent as against 23·7—practically the same thing.

Now look at the other side of the account—exports—and here I am confining myself to United Kingdom produce. In 1855 to 1859, 50 years ago, the total was 116,000,000*l.*, and of that, to foreign countries went 68·4, and to British possessions 31·6 per cent. This last year, 1906, the total had

risen from 116,000,000*l.* to 367,000,000*l.*, and the proportions were to foreign countries 67·2; to British possessions 32·8 per cent. So the change has been from 68·4 to 67·2 as regards foreign countries, and from 31·6 to 32·8 as regards British possessions. There, again, allowing for some temporary fluctuation—as, for instance, during the South African war, when the exports to a particular quarter were accidentally swollen by special and transient circumstances—you will find, if you look through the whole period, that the proportions are practically constant. So that, both as regards our import and our export trade, we stand very much as we were—though the volume has very much increased—as regards the proportions which are respectively sent to the Empire and outside it.

I am going to inquire how preference would work out practically, if we adopted your suggestion, but before I do that, let me say a word or two in reference to these tariffs to which attention has been called, and very properly called, as I think. One of the great advantages at a meeting like this is that we can examine these things much more closely, with the advantage of first-hand knowledge, than otherwise would be the case. We have four tariffs in which preference, or what is called preference, is given or proposed to be given to the United Kingdom. I will not say more than a sentence about those of South Africa and New Zealand. As regards South Africa, I think it is a very liberal tariff to us. I do not pass any criticism upon it; on the contrary, it includes the great bulk of British exports into that country. But it has been in operation a very short time. The circumstances of South Africa during that time have been to some extent exceptional, and I think it is too early yet, as probably Dr. Jameson will agree, to judge what the ultimate effect of that tariff is likely to be.

Dr. JAMESON: Yes.

Mr. ASQUITH: So far, I do not think you can say it has produced much effect one way or the other, but I say that entirely without prejudice to future developments.

Now, I will pass to New Zealand. Here may I say, in passing, how very much indebted my right honourable colleague and myself are to Sir Joseph Ward for the speech he made yesterday. I think he gave us a great deal of most valuable and suggestive information upon a great number of points, and, if I may venture to say so, a most admirable contribution to our discussion. The New Zealand preference, as Sir Joseph Ward knows, is only with regard to 20 per cent. at present of the whole British imports to New Zealand. In other words, four-fifths of our imports are left entirely unaffected by it, and it takes the form, not strictly of a preference, that is to say, of a reduced duty given to British produce, but the form of an increased duty imposed upon foreign goods. That, I think, is the effect of that tariff. There again, it has only been in operation for a very short time, and I do not think it is possible to say what its ultimate effect is likely to be, but I do point out that it covers a very small part—only one-fifth—of the whole area of British exportation to New Zealand. I have no doubt, knowing what the fiscal views of the New Zealand statesmen are, it is contrived in such a way that it does not allow serious competition with any native industry there.

I would rather refer at a little more length to the other two tariffs which have been brought before us—the Canadian tariff and the proposed Australian tariff. As regards the Canadian tariff, I acknowledge that it has been beneficial to British trade, and particularly, I think, to our textile industries. I think it has been beneficial perhaps more in the way of arresting a threatened decline in trade than by actually increasing the volume of the trade, or at any rate the proportion of British trade to the rest of the trade done with Canada. But I should like to call attention, not in any controversial spirit at

all, to the Canadian tariff for the purpose of showing—because it illustrates my argument very well—how in framing arrangements of this kind the country which frames them is inevitably constrained to look to its own peculiar local and economic conditions. It is essential—and Sir Wilfrid Laurier, I am sure, will agree with me—that those conditions are in the mind, and must be in the mind, of Canadian statesmen when they are dealing with this matter. See how it works out. I am not making this a complaint at all. From their point of view they are perfectly right. Canada, in the first place, admits either free, or at very low rates, raw and semi-raw materials. I believe all countries with what is called a scientific tariff aim at that. These come in, of course, from the United States of America, which is geographically near; and, as far as I can make out, about half of them come in free altogether. That is their free list, and, of course, naturally we cannot benefit by that. In the first place we do not export raw material at all to any great extent, and in the next place if we did we probably should not be able to compete, even in coal, with a neighbour which has the advantage of geographical contiguity like the United States of America, with its enormous and inexhaustible resources. In the next place with regard to the Canadian tariff I notice that among dutiable goods the average *ad valorem* rate paid works out at the same figure, namely 25 per cent. for the United Kingdom and the United States, notwithstanding the preference that is given to the United Kingdom. The reason for that is quite plain and very natural. Our goods, which are highly manufactured and finished goods, belong to the more highly rated classes, even after the preference has been allowed for; whereas the dutiable goods which come in from the United States belong to the lower rated classes and therefore on the whole pay a lower average rate of duty. Thirdly, in regard to the Canadian tariff, if you take all goods dutiable as well as free, altogether, the average *ad valorem* rate after allowing for the preference on United Kingdom goods is 19 per cent. and on United States goods 13 per cent. In other words it is 6 per cent. lower *ad valorem* on the total importation from the United States than it is on the total importation from the United Kingdom. That is a tariff which has been, as we know, and we have Sir Wilfrid Laurier's repeated declaration on the subject, not only honestly conceived but carefully worked out, so as to give the maximum preference to the goods of the Mother Country, which is regarded by Canadian statesmen as being consistent with the general economic interests of Canada. I think I am right in saying that.

Sir WILFRID LAURIER: Quite right.

Mr. ASQUITH: Even with the tariff constructed in that spirit and with that intention and by such skilled hands the net result is that we are at a disadvantage as compared with the United States of America, and we are paying 19 per cent. import duty as compared with only 13 per cent.

I should like now to say a word about the other tariff, the Australian tariff, which I think affords a still more instructive illustration of the practical difficulties which embarrass one when one comes to deal with a problem of this kind, not theoretically, but in a concrete form. Of course I recognise to the full what Mr. Deakin said yesterday. So far as our means of information will allow me, I study what is going on in Australia with very great interest; still we are not intimately familiar with all the currents of Australian politics. But Mr. Deakin explained yesterday, and I accept in full what he says—many of us have been through similar experiences in this country—that this tariff ultimately had to be rather hurried through in the last moments of a moribund Parliament with the prospect of a general election in the offing, and no doubt under those conditions things are done or allowed to pass which if the conditions were more favourable to

deliberation and further consideration, would be done in a different way, or not allowed to pass. I accept in full that general explanation, but still this is the only formulated tariff which has yet been presented to us on behalf of the Australian Commonwealth. I do not know, and nobody knows—not even Mr. Deakin, unless he is endowed with that dangerous gift of prophecy—what substitute for this, if any, will hereafter be produced. But I take it as it stands, and examine it as it stands, as it has received the assent of both Houses of the Australian Legislature. It was submitted to the Governor, and because it was supposed to conflict in some respects with some of our treaty obligations he was bound to reserve it for His Majesty's pleasure. Here it is, and if it does not fully represent their considered opinion, being a little hurried at the end, as I say, yet it is the only attempt to put down in black and white so far as I know what the Australian Commonwealth is prepared to offer to this country in the way of preference.

Mr. DEAKIN: As an accompaniment, remember, to the New Zealand treaty, and only as an accompaniment. We did not deal with general preference at all.

Mr. ASQUITH: But this is the only thing we have.

Mr. DEAKIN: Yes.

Mr. ASQUITH: I will deal with it as it stands and see what it amounts to. I should note in passing, though it is familiar to all members of the Conference, that the Australian tariff, like the New Zealand one, is not what we call a preferential tariff in the ordinary sense of the word; that is to say, no duty is lowered on British goods, which remain at what they were, but the so-called preference consists in imposing an additional higher duty on foreign goods of the same class. That is the method adopted.

Sir WILLIAM LYNE: But we start with a lower scale of duty than others.

Mr. ASQUITH: Than whom?

Sir WILLIAM LYNE: Than Canada, and, I think, New Zealand too.

Mr. ASQUITH: I daresay. That is not the point I was making. I say your method is to take the existing scale and build a higher brick on to the wall for the foreigner, whereas the Canadian method is to take a brick out, which is the opposite method. I am not comparing them. The whole of this Australian tariff is subject to the condition that it is only applicable to British goods imported in British ships, which was the proposal of the Government, I understand, and to which the legislature added "manned by white labour." That condition in itself is a condition which curtails and cuts down, quite apart from all questions of policy, which I need not go into, the actual ambit of the supposed preference very considerably indeed. I was going to say it was a condition which renders it very nearly nugatory; but certainly, in regard to a very large proportion of our trade, it is a condition which is quite impossible to realise. I shall not go into the political question which is raised by the addition of the words "manned by white labour," because that is not for us to consider just now.

Mr. DEAKIN: As a matter of fact, the only line of steamers it would affect would be the P. and O. Company, who carry a relatively small proportion

of those goods, because, being mail steamers, their charges are necessarily higher. We opposed that proposition simply on the ground that it is impracticable. How could we tell by looking at goods whether they came by P. and O. or any other steamers.

Mr. ASQUITH: I am obliged to Mr. Deakin for what he has said. He admits it would make it almost unworkable, but apart from that we should never, under any conceivable circumstances, accept here a preference granted to us only in respect of goods carried in ships in which the whole of our fellow subjects in India were not allowed to serve. We could not possibly accede to that, and everybody here would say we would rather have no preference at all than preference limited by such a condition as that. For the moment I was pointing out that to a greater or less degree, but to some degree at any rate, it must limit the scope. What are the articles in respect of which this preference is granted? In point of quantity and proportion, I find 8 per cent. of the whole. New Zealand gives us 20 per cent., but this Australian tariff would give a preference in regard to 8 per cent. of the total British importation to Australia.

Mr. DEAKIN: I think you will find that balances fully, and more than balances the proportion of British goods on which the duties were being raised in connection with the proposed treaty with New Zealand. Our idea was to balance that for the time being.

Mr. ASQUITH: I heard you say that yesterday, but I am stating that it applies only to 8 per cent. of the British importations.

Mr. DEAKIN: About that.

Sir WILLIAM LYNE: That tariff was only as a forerunner, because we could not at that time deal with the matter, in consequence of the Tariff Commission.

Mr. ASQUITH: Mr. Deakin has already said that yesterday. He said it was a forerunner, but I say I do not know what is going to follow the forerunner, or whether anything is going to follow it. I cannot discuss hypotheses and possibilities, and I must take the thing as I find it, and I am bound, whether it is a forerunner or not, to take it for what it is worth, and see what it amounts to. You tell me you are going to do something else. That may be your intention. I am not sufficiently conversant with your politics or the composition of the present Legislature to say whether you will be able to pass through your Legislature any tariff which does not contain this condition about ships being manned by white labour.

Sir WILLIAM LYNE: It does not affect it very much.

Mr. ASQUITH: It affects us enormously. It is a thing which to us is absolutely inadmissible, and I say that in the plainest terms. Let us see what the preference amounts to. In the first place, it applies to 8 per cent. only of British importations into Australia. What is the amount of foreign trade which conceivably, supposing it had its full effect, it would enable the British importer to capture from the foreigner? The precise amount put down is 928,000*l*. If you allow 10 per cent., which I should think was a very fair figure, as the profit that might reasonably be expected to be made if you secure the whole of that 928,000*l*. of foreign trade, the net result of this

would be a possible profit of somewhere between 90,000*l.* and 100,000*l.* to the British importer there, and to the exporter here; that is upon a trade which amounts to 20¼ millions at this moment. Our imports into Australia, taking the year 1905, were 20¼ millions. 18¾ millions of that would not be affected by the preference at all, and the profit arising from the possible foreign trade which we could capture under it, if everything went well and we secured every ounce under every one of the categories in this tariff for ourselves—the total maximum profit which could accrue to the British importer would be represented at the outside by 100,000*l.* I am not complaining for a moment.

Mr. DEAKIN: You are measuring it, and are quite entitled to.

Mr. ASQUITH: I am not in the least complaining, but pointing out these things as showing the enormous difficulties which, with even the best intentions in the world, encumber the framing of preferential tariffs. Now, I am coming to a point of the highest importance, though I do not want to detain the Conference too long. I have been pointing out from the illustration of these two tariffs, the Canadian and the Australian, the difficulties which tariff framers have who honestly desire to begin a preference in countries like Canada and Australia, which possess a protective system. It is a comparatively easy thing to give a preference when Protection is the basis of your system, because you have only to lower a duty which already exists in favour of the Mother Country, or, as in the case of Australia and New Zealand, to heighten a duty which already exists as against the foreign competitor of the Mother Country. That is a comparatively easy thing to do, and you can do it without any disturbance of the foundation of your system. But just look at our case. Supposing we had to do this!—I pointed out in the early part of my remarks, why we regarded it as essential that the basis of our fiscal system should be a Free Trade basis. A Free Trade basis means a system in which duties are imposed for revenue, and not for other purposes. Therefore we give at this moment to the Colonies the freest possible market that any community in the world can have. There is nothing that we can give you that we do not give you.

Sir WILLIAM LYNE: You can give us our wine.

Mr. ASQUITH: We tax everybody's wines. We do not tax your wine more than other people's. We give you, I say, everything that is possible for us to give, and under no system of preference could we give you more.

Sir WILLIAM LYNE: I am very sorry to hear it.

Mr. ASQUITH: I am speaking of facts. What you are asking when you come here and talk about preference, and suggest that we should give you preference, is not that we should give you more than at present—we cannot; we give you everything—but that we should take away from others.

Dr. JAMESON: Certainly.

Sir WILLIAM LYNE: If I had a boy, I should look after him, before I looked after a foreign boy.

Mr. ASQUITH: I am not talking about the reason, which may be good, bad, or indifferent, but the question what preference can be given. I am

pointing out that while it is an easy thing, and quite consistent with the whole fabric and structure of a protective system, either to raise or lower a duty, with a view in the one case to punishment, and in the other case to preference, when you have, as we have, a Free Trade system in which we give everything equally to everybody, you cannot have preference without excluding somebody who at present enjoys the open market from the privilege which at present belongs to him.

In other words, in asking us to frame a preferential tariff, the Colonies are asking us to introduce into our system a set of duties which do not at present exist, and which have no analogy to anything which at present exists, for the purpose not of revenue but for ulterior purposes—the purposes of preference. That which is quite consistent with the framework and spirit of a protective system is a flagrant and undeniable departure from the very basis of our principle of Free Trade. It is all very well for Dr. Jameson to say, "Try it on a small scale; give our Cape wines or the potential tobacco "supplies of the Cape a little preference; we do not care about the amount, "but let us have some instalment as an earnest of the bargain." What bargain? The abandonment of Free Trade. That is the bargain. It is not a question of greater or less—not a question of giving it on wine or wool.

Dr. JAMESON: Is not that coming back rather to the fetish of Free Trade?

Mr. ASQUITH: You call it a fetish, but for the reasons I have already given, I call it the principle deliberately adopted and approved by the people of this country, and which they regard, and I we regard, as lying at the very foundation of our industrial prosperity. You can call it a fetish if you like, you can call anything a fetish, but with us it is a conviction, not based upon abstract argument, but upon solid experience of the economic conditions under which we live and move and have our being. I am not asking you to agree with it any more than you ask me to agree with what I might call the fetish of Protection. I do not like to use such words.

Mr. DEAKIN: There was once a fetish of Protection.

Mr. ASQUITH: I do not ask you to agree with me any more than you ask me to agree with you.

Mr. DEAKIN: English Protection 60 years ago was a fetish and nothing else.

Mr. ASQUITH: People then did not think so. It is just the difference when times move. It may be in time you will persuade the people of Great Britain that Free Trade is a fetish.

Mr. DEAKIN: We think it is so now.

Mr. ASQUITH: Go and persuade the people of that, if you can persuade them, and we will have another Colonial Conference, and we will see what happens. But you have first to persuade the people, and so long as we sit here as their spokesmen, and whether you call it fetish or anything else, we have to express to the best of our ability their views. I do not like these questions of terminology which are apt to generate heat, but never conduce to light. We may be an absolute set of lunatics, wandering in

twilight and darkness—fiscal twilight—and the time may come when we shall have a rude awakening. We may think, on the other hand, that Free Trade within the Empire will be recognised as an ideal which all the various communities of the Empire ought to aid in constructing. But I am pointing out so long as the British people have taken Free Trade as the basis of their fiscal system, that is to say, so long as they impose duties for revenue and for revenue only, by seeking to introduce this element of a penal duty directed against foreign produce, the Imperial motive being to benefit your own Colonies and Dependencies, you are introducing something into the system which is absolutely alien to it, which cannot be reconciled with it, and which will sooner or later, and even at once, develop an antagonism which in the course of time must lead either to the exclusion of the new element or to the complete abrogation of the old system. There is no compromise possible between the two. I say that on general grounds. I say while it is easy for you, although practically difficult, as I have shown by the illustrations I have given, in principle to grant preference to us consistently with your protective systems, it is impossible for us to do it without giving the go-by to the very first principles upon which our fiscal system, be it right or wrong, has been established. But let me add to that. What is it that we are to prefer? I have here a table which shows the exports to the United Kingdom —and these would be the subjects of possible Preference—from our various self-governing Colonies that are represented round this table. This is for the year 1905, which I think are the latest full figures available. They are classified here under four headings: "Food, drink, and tobacco" is the first column; "Raw materials and articles mainly unmanufactured" is the second column; "Articles wholly or mainly manufactured" is the third column; and the fourth column is "Bullion and specie." I do not think we need trouble about bullion and specie. Nobody proposes to give a preference to that.

Mr. DEAKIN: We all give a preference to it.

Mr. ASQUITH: There is a natural preference we all accord to it; but I do not think it enters into this problem.

Under the first column, taking the self-governing Colonies, Australia, New Zealand, Canada, Newfoundland, Cape of Good Hope, and Natal, in food, drink, and tobacco, our imports, or rather your exports to us, were 27,742,000*l*. We have not figures for the Transvaal yet. I daresay what appears to come from the Cape would include Transvaal produce and perhaps some that comes through Natal too. I only say that by way of explanation, "Food, drink, and tobacco" is 27¾ millions, roughly speaking. "Raw materials and articles mainly unmanufactured" 32,495,000—32½ millions, roughly speaking; "Articles wholly or mainly manufactured," 5,569,000. The Cape and Natal figures only are for 1904. These are the latest figures we have, and they will do roughly for the purpose. I do not pledge myself to precise accuracy. The members of the Conference will see that of the total importations to the United Kingdom from the self-governing Colonies, while only 5½ millions are articles wholly or mainly manufactured, 27¾ millions come under the category of food, drink, and tobacco, and 32½ millions under the category of raw material. It is therefore obvious that any preference which we can give which is not to be a nugatory preference, but is to be of real value to the Colonies, must be a preference which applies to one or other or both of the first two columns. A preference given to this comparatively insignificant quantity of manufactured goods, 5½ millions, would be of little or no value to the Colonies themselves. If we are to give you a preference of any value we must give it either on food or raw materials, or on both, the considerably larger item according to these figures being raw materials.

Now I have listened and listened carefully to everything that was said by Mr. Deakin, and by Dr. Jameson, and others, and I cannot now make out, and do not at this moment know, whether part of the proposal made is that we should give a preference to Colonial raw materials. I have heard no answer to that question. I have often put it myself. I thought we should get enlightenment upon it in the course of these discussions.

Mr. F. R. MOOR: Are you including Canadian wheat in that?

Mr. ASQUITH: Yes, certainly—in the food, not in the raw material.

Sir WILLIAM LYNE: Do you say only 5 per cent. of manufactured articles came from the Colonies altogether?

Mr. ASQUITH: 5,500,000*l*. It would be more than 5 per cent.

Sir WILLIAM LYNE: What struck me was, if you get such a small proportion as that, you have a tremendous margin where you could give preference on, say, wheat.

Mr. ASQUITH: That is just what I am coming to. It is obvious it is no use giving preference on these manufactured articles. They are a mere bagatelle—a mere drop in the ocean. Therefore, any preference to be really effective and at all evenly distributed between the Colonies must be on food or raw material—one or both. Raw materials, as I point out, come first in bulk—32½ millions. Is it, or is it not, part of the proposition that we should give a preference on raw materials?

Mr. DEAKIN: May I point out that I expressly put aside that question upon the general principle, in which I thought you concurred, that what you would give, the kind and form and extent of your preference, was entirely a matter for yourselves, and it was not for us to attempt to suggest its character? That was my reason.

Mr. ASQUITH: I quite appreciate that, and perhaps I ought not to put it in the form of a question to you, and I will not. But I will put it in the form of a question to myself and I will suppose I am trying to construct a tariff. I think you are quite right in saying that this is a matter which, if the Imperial Government resolved to give preference it would have to settle for itself. So as Imperial Chancellor of the Exchequer, having got a mandate from the country to give preference to the Colonies, I am trying to construct a preferential tariff which is to be fair to the Colonies, which is not to introduce a new and much more objectionable form of preference—I mean preferring one Colony to another Colony—which is not to introduce another and equally objectionable form of preference, namely, the preferring of particular interests in particular Colonies to other interests. But I am trying to construct a preferential tariff which shall be really fair and just. What do I find? What materials have I to go upon? First of all it is perfectly clear my tariff must be a tariff which will impose discriminating differential duties against foreign importations of raw materials and of food. I cannot do it without including both raw materials and food. I will take just one illustration, which will show the gross unfairness which would result from not doing so. Take the Cape, represented by Dr. Jameson, what is the condition of things there? The Cape sends us, including all their wine, of which we heard yesterday, 28,000*l*. of food, drink, and tobacco, but the Cape sends us 10,281,000*l*. of raw material, very largely diamonds and wool. How

can I possibly deal fairly with the Cape, or possibly give to the Cape any preference that is worth the name, unless I impose a differential duty as against the foreigner upon those raw materials?

Dr. SMARTT: Try us with a one-shilling reduction on tobacco.

Dr. JAMESON: Surely that is a difficulty for the Colonies themselves to get over.

Mr. ASQUITH: I was told just now that this is a matter which the Imperial Government must decide for itself.

Dr. JAMESON: Exactly.

Mr. ASQUITH: I am not going to do injustice to you.

Dr. JAMESON: You passed the South African tariff over very lightly, which is very significant, because it gives a preference not only on the bulk of British goods, but on nearly everything.

Mr. ASQUITH: I agree—over 80 per cent.

Dr. JAMESON: It even goes so far as to put 25 per cent. on foreigners now on our free list. The only people having a free list in South Africa are the British Government. It was rather significant it was passed over. The tentative tariff of Australia, which is merely an instalment of what is to come, occupied your main criticism. Apart from that, the Cape is willing to give 25 per cent. of its Customs duty preference to the United Kingdom. Knowing there is 28,000*l.* of stuff that comes over and knowing that the Cape cannot get much, the Cape is wishful to grow, and to get something. This is a way in which it will grow if there is a preference on that very small amount which they send at present. That is the answer to that doctrine.

Mr. ASQUITH: Unless human nature at the Cape is very different from what it is everywhere else, if the inhabitants of that Colony found we were giving large preferences to Canada and Australia in respect of wheat, butter, and meat, and things of that kind, which were being very beneficial, I will assume, and considerable in their amount, I should be very much surprised if the people of the Cape would be content to have a small preference on 28,000*l.* of food, wine, and tobacco, when there is 10 millions of raw materials being sent from the Cape to this country every year.

Dr. JAMESON: How does it hurt the Cape if the Cape has nothing of that kind to send over? Surely the Cape is not going to be the dog in the manger and say Canada is not to get it. Of course Canada will get infinitely more advantage than we, but we hope to grow in course of time.

Dr. SMARTT: You made a point upon the smallness of the amount of Cape wines sent to this country. Before Cobden made his treaty with France we sent nearly one million gallons of wine—over 800,000—for consumption in Great Britain, and we send practically nothing now.

Mr. ASQUITH: I agree it has gone down.

Dr. SMARTT: It would grow up again if preference were granted.

Mr. ASQUITH: As regards wine and spirits, I pointed out yesterday, I believe, that under no preferential system anywhere is that given.

Dr. JAMESON: We have the list here where Australia and Canada give it.

Mr. ASQUITH: I know you have given it as between Colonies—a very small affair—but Canada does not give us any preference on spirits either upon the General or Intermediate Tariff, nor, if we take the Intermediate Tariff as the standard, upon wine either, and none of the Colonies either give or propose to give us any on either wine or spirits.

Dr. SMARTT: The whole amount of those figures is 28,000*l.* sent to Great Britain. With a much smaller population than there is at present, with preferential treatment on wine, the amount of money paid to the Cape for wine alone was formerly at least four or five times the whole amount now.

Mr. ASQUITH: It is quite possible, but that is not due to mere changes in tariffs but to improved cultivation and improvement in taste. I sincerely hope the Cape wine will become a large and flourishing industry.

Dr. JAMESON: It is very significant that it went down from about 130,000*l.* to nothing, from the date the scale was changed.

Mr. ASQUITH: The whole question of alcohol and wine is one which is very difficult, and it affects our relations with France, Spain, Portugal and Germany. It is one which you cannot deal with in an isolated way. What I am pointing out to the Conference—and I took the Cape as a very good illustration—is that you cannot possibly give a preference which shall be anything like an even-handed preference as between the different Colonies of the Empire unless you include in it raw materials as well as food. No human ingenuity could do it. That is a fact, and a very important fact.

Now, I will come to what is, after all, the crux of the whole matter. If I can only create a preferential tariff in favour of the Colonies by taxing food and raw materials, that is to say, by imposing a duty upon foreign food and upon foreign raw materials which I do not impose upon Colonial food and Colonial raw materials, not only, as I said a few moments ago, am I practically abandoning the very citadel of our fiscal position, but in the opinion of His Majesty's Government, and in the opinion of the majority of the people of this country, I am curtailing the sources of supply and raising the price of the necessaries of life and the necessaries of industry.

Sir WILLIAM LYNE: That is what I dispute.

Mr. ASQUITH: I know you dispute it, and Sir Joseph Ward said yesterday in his admirable speech that if he thought it would have that effect he would not be in favour of preference. I was very glad to hear him say so, and I am quite sure he would not. He does not think it would have that effect, and Sir William Lyne does not think it, and probably the majority of you here do not think it. But we think it would, and the people of this country think it would, and they believe that they have the best grounds for so thinking—grounds founded upon experience. Let me state our position—I am not arguing it—it may be right or it may be wrong. This is the position which is held by Great Britain and by the majority of the British people. When you impose an import duty upon a commodity which is a necessary of life or of industry, one or the other, and when the commodity is of such a kind that you cannot substantially make up the supply that you want from domestic sources—given those two conditions

and I carefully limit my proposition in that way — sooner or later, though the process may be delayed or deflected for a time, that duty appears in added cost to the consumer. You may think that is nonsense, but that is what we believe to be true. It is what the people of this country believe is true, and so long as they believe that to be true, they will give no Chancellor of the Exchequer—I do not care what political party he belongs to—any mandate or authority to impose a duty upon the things in those two columns, which are the necessaries of life in the first column—wheat, meat, butter, and so forth—and which are the necessaries of industry, many of them, in the second column—wool, wood, and the rest of it. They will not do it. You may think they are wrong, but that is their view. Further, they hold the view, which is also the view of His Majesty's Government, that if you were to impose such a duty, and if the duty had the effect which we believe it would have of raising the cost of these necessaries of life or industry to the bulk of our population, it would not only have that effect, but by raising the cost—because you cannot have two prices in the same market—of the whole of the supply, it would put into the Exchequer a comparatively limited proportion of the additional cost paid by the consumer, whereas the bulk would go to other quarters. There, again, you fly in the face of one of the fundamental principles and rules of our Free Trade system.

Of course, gentlemen, you will not agree with many of the things I am saying. You think, no doubt, other people are right, and that our economic system belongs to the age of the dodo or some other prehistoric period. You may think we are all wandering in Cimmerian darkness. But we are 43,000,000 people, still the richest in the world, still not afraid to speak with our commercial enemy in the gate, and convinced that no system of preference such as you have been advocating with so much ability round this board during the last few days can be adopted in Great Britain which does not involve taxation of our sources of supply, both of food and of raw materials, and a consequent enhancement in the cost of the necessaries of life and of industry, and a corresponding and necessary curtailment in the area and profitableness of the whole of our productive industries. That is our position, and I state it with the utmost frankness, reciprocating the frankness with which you have been good enough to address us; and I am sure you will forgive me if I have used plain language and not equivocated or beaten about the bush. That is our position, and that being so, it is impossible for His Majesty's Government, anxious as they are by every means in their power to promote the commercial development as well as the Imperial unity of this great fabric for which we are jointly responsible, to recommend to Parliament any such fundamental change in the fiscal system of this country as would be involved in the adoption of the proposals which you have laid before us. But I say, and this shall be my final word, while I could not recommend anything in the nature of Colonial preference by the manipulation of tariffs there are many ways in which I think it is not only the interest but the duty of the Imperial Parliament to promote the commercial interests of the rest of the Empire. I associate myself with a good deal of what was said by Mr. Deakin, and particularly with what was said by Sir Joseph Ward, and also I think by Mr. Moor. I have no doubt that in South Africa as in New Zealand you suffer from what may be called artificial impediments, for instance the subsidising of these foreign lines of steamers, and the imperfection or undeveloped condition of our means of communication as between the different parts of the Empire.

Mr. F. R. MOOR: And the rates on state railways.

Mr. ASQUITH: There again that is an intricate thing with which it is difficult for us to deal. Take the important point raised by Sir Joseph Ward

as to what may be called the development of Imperial commercial intelligence. Mr. Lloyd George has already taken steps, but I hope by consultation with you, and with Mr. Deakin's assistance particularly, we may be able to develop that on a much larger scale, because I think it is a monstrous thing that in our own Colonies the foreign tout—if I may use a common expression—going about to look after business can find one of his own nationality to give him all the information he needs for the prosecution of his business, while a Briton or a Colonial who goes to another Colony finds no corresponding facilities. That is one of the things that urgently needs reform, and which cannot be too strongly insisted upon, and which I think we are very much indebted to you for having brought so clearly before our notice.

Again there is this great question—and I do not like, particularly in the presence of Sir James Mackay, to definitely commit myself about it—which affects the Antipodes very much, the question of the Suez Canal and the possibility of doing something to cheapen and facilitate the means of communication through that great waterway.

There is the question referred to by Sir Joseph Ward and Sir Wilfrid Laurier, and also I think by Mr. Deakin, of what I may call inter-Imperial communication. You will not expect me at this stage to commit myself definitely to any particular scheme, but I can assure you that the proposals which Sir Wilfrid Laurier has adumbrated, and which were referred to by other speakers yesterday, are so important and so interesting, and appeal so strongly to the sympathy, and the intentions of His Majesty's Government, that if they can be reduced into a practical form and shown to be of a workable character, you will find no lack of co-operation, nor—I may safely add I think, though I am Chancellor of the Exchequer—any lack of the necessary material assistance on our part in order to bring them into effect. We are most anxious to assist in all those ways.

Take another great question, the question of emigration. I do not know whether the Conference has already dealt with that.

Mr. DEAKIN: We have, in part.

Mr. ASQUITH: That is a most important matter, and a matter as to which there ought to be constant co-operation between the Imperial authorities and the different local communities. I only mention that, not as an exhaustive catalogue, but as an illustration of the ways in which we not only might, but ought, as the Government responsible for the Mother Country, to do all in our power to develop and promote better commercial relations between all parts of the Empire. I can assure you, and I am speaking quite sincerely, that it is a most thankless task for a Minister in my position to combat propositions which are concurred in by so large an amount of representative opinion in different parts of the Empire. It is not an agreeable duty at all, but it is one I am bound to perform to my colleagues, and to the House of Commons, and to the country. But, having stated to you quite frankly, and without any reservation or qualification, what our position in that matter is, I can assure you that in all these other directions we are only too ready and anxious to receive and entertain, and so far as we can to co-operate, in carrying into practical effect any suggestions which your combined wisdom may bring before us.

I thank you very much, gentlemen, for the indulgence with which you have listened to me to-day.

Mr. DEAKIN: Might I ask one question, having special reference to the exceedingly interesting points which you have just made. I notice that you have for one reason or another excluded from reference the proposition once associated with these various suggestions as to Imperial inter-communication

and assistance proposed by Mr. Hofmeyr. I do not know whether you are in a position to say whether it is or is not worth while for us to initiate a discussion, which some of us, if there was time, would be most glad to enter upon, as to the imposition of a small uniform duty all round the Empire upon foreign goods, the proceeds of which should be devoted to what may be termed Imperial purposes, such as the inter-communication you have spoken of. This proposal would not affect either Free Trade or Protection. It would not be a tariff but a surtax, if such a word might be used, to include goods not now dutiable, the proceeds of which would be devoted to Imperial purposes. Since Mr. Hofmeyr proposed it, Sir George Sydenham Clarke has fully developed it.

Mr. ASQUITH: I think that is an idea of Sir George Clarke's.

Mr DEAKIN: If there was a possibility of any practical result coming from its consideration, that is a method which, quite apart from all fiscal matters whatever, would provide a common fund that could be used for Imperial purposes. Perhaps it is not fair to spring the question on you.

Mr. ASQUITH: No, please do not ask for my answer now.

Mr. DEAKIN: Perhaps you would take it into consideration.

Sir WILLIAM LYNE: Lord Elgin and gentlemen, I have listened with attention to the speech which has just been delivered by the Chancellor of the Exchequer, and from his standpoint, I must admit that it was an able speech and affords food for reply; perhaps not reply on the instant, but I feel when it sees the light of day—I do not know when it will—it will be replied to pretty vigorously. I cannot help saying, my Lord, that the whole tenour of that speech, if I may be allowed to use the term, and I scarcely like to use it, was alien to Britain's Colonies, it was treating the British Colonies on a par with foreign nations. When one remark was made regarding the desire on the part of Great Britain to be allowed to deal with her tariff as she desired and to deal with her domestic question as she desired I could not help thinking that that was equivalent to saying that the Colonies were not on a par with or not part of the domestic Empire of Great Britain.

Mr. ASQUITH: No, I said the exact opposite, that we only claim for ourselves what we concede to them.

Sir WILLIAM LYNE: That is just the point. I feel when Great Britain, our mother, is claiming anything for herself, she should practically be claiming it for all her Colonies too as a part of the domestic machine, because, if we are to have Imperial—I do not like the word, our people do not like the word "Imperial"—Defence and Imperial laws we surely should not be excluded from Imperial consideration as far as our commerce is concerned.

I, as you know, altogether differ—it may be presumption on my part—from the foundation up to the very summit of the structure which the Chancellor of the Exchequer has attempted. I do say from a firm conviction—as firm a conviction as my friend Sir Joseph Ward gave expression to the other day—that if I was under the impression that the proposals we are making would increase materially the price of food or make the condition

of the people of Great Britain worse than it is, I do not think that I should advocate it, however much it might be desired. I do not like your absolutely ignoring the whole of the British Colonies excepting India. India cannot be placed, in dealing with a matter of this kind, in the same category as the self-governing Colonies. India is not a self-governing Colony in the sense in which we are, and therefore I put on one side to a very large extent the remarks made by the representative of that country. When India is prepared to improve and keep up the position of her people, or if I may so term them, her numerous people, to a fair state of living, a fair wage, and to place them nearly in fair comparison with ours—I do not say quite—with all other white people of the self-governing Colonies, then and then only is the time when we can make comparison.

Mr. MORLEY: What do you mean by "payment"?

Sir WILLIAM LYNE: They get 4½*d.* a day on board the boats against our men's 5*s.* With the P. and O. Company they get 4½*d.* a day or thereabouts and our men get 5*s.* or thereabouts in our country. When Sir James Mackay speaks of tariffs being no barrier to the exports of India, I can well understand it, because the labour of India is so miserably paid that it does not matter much what tariff it is, they can overcome it; but heaven protect our white self-governing Colonies from our labourers ever being brought down to the condition of the Indian people. I therefore cannot bring myself to compare the conditions of India with the conditions of either Canada, Australia, or South Africa.

I do not wish to say much with reference to the speech that has been delivered by the Chancellor of the Exchequer, because if I were to talk, or we all were to talk, for the next six months, evidently, from the decisive way in which the arguments have been met, we would not have the slightest hope of altering the position. I regret very much that we have come all this distance—my Prime Minister and myself—to get such a reply from the Government. It is to my mind one of those things that will not and does not help to draw together the British Empire. In the onset of the Chancellor's speech, he referred to the unique effect of Great Britain's attitude and her laws and her administration as bringing together and keeping together the peoples of her self-governing Colonies extending over the world. I do not think the Chancellor's statement will help that position.

I have prepared several notes, and I do not intend to go much beyond them at present. Perhaps I may have a reply from my friend, Mr. Lloyd George, but it is not for me, after the reply that has been received on behalf of the Government, to feel that we can do more than, if it is proposed, and I hope it will be proposed, pass a resolution in favour of what we have come all this distance for, and then leave it in the position, almost, but not quite, that it was left in in 1902. I heard the remarks made by General Botha when he spoke, and, I think, also the representative for Newfoundland, Sir Robert Bond, in reference to leaving the position exactly as it was by the resolution of 1902. The position has advanced. Under that resolution I find one subsection was: "That the Prime Ministers present at the Conference "undertake to submit to their respective Governments at the earlie "opportunity the principle of the resolution, and to request them to take "such measures as necessary to give effect to it." Well, in Australia, which is the wealthiest and the first of all the Dependencies of Great Britain, we have done it. We have not only done it but we have done more. We have appealed to the country partly on this question, and as far as I can judge at the present time from the election only last December we have

a House which I think will be nearly unanimous upon it. We passed the short preferential tariff, which was only an indication of what we intend to pass hereafter. I may say that when that tariff was submitted by myself with the consent of the Prime Minister and the Cabinet, we did not know quite what the feeling generally of the country was. But now we know, and now we both speak with a very much stronger sense of that feeling than we ever could have done before. I must be allowed to say—and I hope I shall say it without offence in any way—that I think the Chancellor of the Exchequer did not fairly treat or deal with this particular question. He took that instalment of preferential trade that we wish to give to the Mother Country and New Zealand as though it was all that was intended. The Chancellor of the Exchequer says that embraces only 8 per cent. of the imports from Great Britain into Australia, that leaves 92 per cent. that we do not touch at all. He admits the 8 per cent. would give Great Britain 100,000*l.*, but says sarcastically what is this 100,000*l.* in twelve months? On his own showing it is about 1,200,000*l.* that we offer to give to Great Britain when we deal with the whole tariff, and I did feel, and do feel, that it was not dealing fairly to Australia and to the representations we have made of our instinctive desire—I use the word "instinctive" because it is an instinctive desire, and not absolutely a commercial desire on the part of Australia to be linked closer with the Mother Country. I wish to emphasise this particular fact, that on the basis according to the Chancellor's showing of the small forerunner, we offered a preference of some 1,200,000*l.* profit to Great Britain in the year on extra trade.

I hope, in spite of what has taken place, that the Prime Minister and the Cabinet will agree to my testing this matter right through and further impress on the people of Great Britain and on the present Ministry here what is in the minds of her Colonies. Whilst the Chancellor of the Exchequer was speaking he referred to the 43 million of people in Great Britain. Roughly, as far as my memory serves me, the Colonies that are prepared to give preferential treatment to Great Britain have nearly 20 million people. That is getting towards half the number of the population of Great Britain. Surely they should receive some consideration. It is not as though it was 5,000 or 50,000 or five millions, but it is nearly 20 million of people that practically unanimously are asking Great Britain to consider this question. Not demanding it, not in any way saying you shall or you shall not, but saying "We offer you this, and we hope that your people will see the necessity of "dealing with the matter hereafter."

As to the question of extra cost of living I do not believe that it will be any more than now to the British consumer. In fact I am sure it will not, and in this way. At this present moment we have hardly commenced to grow wheat in Australia. We have a large enough area fit to grow wheat in good districts and with a fair rainfall, if properly put under crop, to supply Great Britain altogether, but unless we know that we are to get a market—and we are satisfied with the price of to-day—we cannot get our farmers to enlarge the area of farming to the extent we desire. But if we could know that we should have preference with Great Britain we should certainly supply a great deal more than 4½ or 4¾ per cent., which is all we supply to-day of food-stuffs to Great Britain. If we had the opportunity of putting a larger area of grain in, we could do it 3*d.* or 4*d.* a bushel cheaper than we can now send it. So, under these circumstances, I do not think there need be the slightest danger of any additional cost so far as the consumer in Great Britain is concerned.

I hope I may be permitted to have what I say placed on record; it is more necessary now than it was before the statement we have heard to-day from the Chancellor of the Exchequer to let the Australian people know exactly

what we have attempted since we came here. We came here primarily to deal with this question. It is not the last, the laggard question, of the Conference in our estimation, nor is it so in the estimation of our people. It is the primary reason, if I may so term it, for our being here to-day.

Speaking from the standpoint of an Australian who has never before been out of Australia, I do not come here, and I think my Prime Minister does not come here, to plead in an abject way for anything. We do not come here to filch anything. We do not come here with a view to place the British consumer in a worse position than he has been in. But, speaking as a representative of the greatest, though most distant part of the Empire, I desire clearly to lay before you matters which seem to me to be of great moment to the Empire, and I do not speak with any wish of derogation from that great country Canada; if, however, Sir Wilfrid Laurier will look up statistics, he will find that the export trade of Australia last year was nearly 14,000,000*l.* more than Canada, and the total trade of Australia I think, from memory, is nearly 5,000,000*l.* more than that of Canada; this when we have hardly commenced, as I say, to develop our country.

Sir WILFRID LAURIER: What was the total trade of Australia?

Sir WILLIAM LYNE: Last year exports approaching 70,000,000*l.*, and about 46,000,000*l.* imports. I think it is between 4,000,000*l.* and 5,000,000*l.* more than Canada. During my lifetime in the southern hemisphere I have seen changes occur of startling moment to the Empire, and I feel it my duty to speak to this Conference, and try to give them some idea of these changes which have and are now even to a greater extent taking place so far as we are concerned. The changes I refer to are hard solid facts—to which we in our distant country cannot close our eyes. They are gradually sucking away the trade—and I say this advisedly—and with it the employment and life's blood of the people of the Mother Country, and I also say that because the trade would be here were it not being forced to foreign countries, and the employment, too, would be here. I feel that these changes are attacking the very heart of the Empire, and I want it to be understood, with your permission, that I am a strong Britisher. Why? Because my father came from Britain, and because my grandfather came from Britain, but as each new generation comes it has been presented to me very vividly that you want something more than that to keep up the interest that hitherto has been held by our forefathers, and ourselves in Great Britain, and nothing will do that so well as closer unity in commerce. That is one thing that I am very anxious for. I see the younger generation callous to some extent, thoroughly loyal in a sense but callous. That is not so with the original stock, who were imbued with the feelings of their fathers and grandfathers in regard to Great Britain. This has impressed us very keenly. We want to know more of Great Britain, and they want to know more of Great Britain, and Great Britain should know more of us. Unless some means can be devised the foundation of Great Britain itself, the foundation of this great Empire, will be undermined. That is my humble opinion. I also believe that the people will see their commerce slipping away to the foreigner and the various branches of the Kingdom will become scattered units instead of a great united whole. We cannot forget that Great Britain is the Mother of the Empire, and that for generations at least the whole future of our vast Kingdom must depend upon her retaining her predominance as a world power. We readily acknowledge that in the time of our infancy Britain has protected her children, and that for many generations we hope she will be the mainstay of the Empire. And when in the over-sea portions of the Kingdom we see Britain's trade slipping away, I feel that we, as guardians

of the Empire's outposts, are compelled to warn you of the dangers we see attacking the whole of the Empire. You cannot know, except on paper and in cold type—and that is not the best way of knowing—what is to a large extent the feeling regarding what is occurring.

Britain herself is specially interested in this question, for the Colonies, with their vast expanse of territory and immense resources, must develop, must expand, and the only question with us is whether our trade is to increase with Great Britain, or with Britain's competitors, which it is doing now. If with the former, the Empire must prosper; if with the latter, our competitors will gain the benefits Britain is entitled to reap. Australia's raw products are in such great demand all over the world that financially it may seem of little immediate moment to Australia whether they are disposed of in the markets of Great Britain or in those of the foreigner; and that is a matter that is coming very uppermost in the minds of our people too. But when I see trade slipping away from Britain, which trade in years gone by has employed, and in many years should employ, greater numbers of her working people I am struck by the injustice being done. I do not want you to be misled by those who tell you that if Britain refuses the preference suggested, we shall of necessity make treaties elsewhere. No, Australia is loyal, but that action may compel us to sell our wares to the foreigner instead of to Britain, and we are doing it to a very large extent in some parts now. We can only warn you of what we see, and when you have the full knowledge of things before you, we must, as has been said to-day, and said more than once, leave the matter entirely in the hands of the British people.

When I see our Australian harbours, formerly filled with British ships, now largely filled with foreign, am I not bound as a member of the Empire to tell you of the impression it has made upon my mind? Twenty years ago as one looked over the vast expanse of Sydney harbour you saw the British flag flying at nearly every masthead. Shortly before I left last month a great proportion of the shipping in the harbour was foreign; I found on further inquiry that nearly half the shipping in Sydney harbour when we left was foreign and a great portion of it was from France. Huge German steamers were at the wharves and in the bay. These carry products of German manufacture to us and some of them are liberally subsidised by their Government to enable their merchants to land their goods on our shores at prices below British; and so they do. Great American liners, Japanese boats liberally subsidised by that far-seeing government, French steamers and "sailers," the latter waiting for our wheat crop; but subsidised by the Government. I saw these cutting into trade that was in years gone by wholly British. When we realise that naval supremacy must largely depend upon mercantile supremacy, surely this increase of the foreigner at the expense of Britain must make us pause and consider if all is well. As a matter of fact some of those great steamers are ready to be converted into armed cruisers—that I know—and to attack British shipping, if the opportunity should ever arise. I can recollect the early sixties when Britain's imports at Sydney Harbour reached 4,000,000*l.* while German imports only amounted to 20,000*l.*, and when 200,000*l.* worth of goods only reached Sydney from the whole of Europe outside Britain. Then out of the total tonnage in Australian waters, 93 per cent. was British and of the crews, 90 per cent. were Britishers.

One word as to a remark made by Mr. Lloyd George regarding the question of 40,000 men increase, I think it was, being taken to the Navy from the mercantile marine. That was referred to in the Shipping Conference and in a paper laid on the table by the shippers; in reply I laid another paper on the table, which I think quite met that statement; there it is to speak for itself.

It was not until 1881 that the increase of foreign shipping began to become noticeable. Last year only 18·9 per cent. of the outward trade of New South Wales went to the United Kingdom, as compared with 22·5 per cent. to foreign countries, and of the inward and outward tonnage of New South Wales shipping, the United Kingdom only furnished 16·8 per cent. of the whole as compared with 22 per cent. furnished by foreign countries. That, my Lord, in itself, is an answer to all the very clever, and if I may be permitted to say so, round-about arguments, that are made to try and prove something else. Those facts—and I think my Prime Minister will say I deal in facts as a rule—were submitted to me after very considerable work by the Department over which I preside, that is the Customs Department of the whole of Australia, and therefore, I think you will admit they must be correct or fairly correct. When you see as one can state positively, that this is taking place in Australia, then I think surely it must have some effect upon those who deal with this question in the United Kingdom.

In New South Wales, the foreign tonnage has increased since 1880 from 172,855 to 1,221,389 tons, and approximately last year, 7,400,000 tons of shipping entered and left Australian waters, of which less than 2,000,000 tons went to or came direct from the United Kingdom.

During the last 12 years, for which figures are available, the tonnage of the United Kingdom in Australian waters has increased by only 41 per cent., while that of Germany has increased by 155 per cent., United States by 89 per cent., and foreign, as a whole, by over 100 per cent.

Mr. LLOYD GEORGE: What are the actual figures without the percentage?

Sir WILLIAM LYNE: I have not them with me, but I believe I have them all.

Mr. LLOYD GEORGE: Percentages are a little misleading unless we get the actual figures.

Sir WILLIAM LYNE: I will try and get the figures for you.

Mr. DEAKIN: The totals also are apt to be misleading without the percentages.

Mr. LLOYD GEORGE: Yes, I should like them both.

Sir WILLIAM LYNE: Still the shipping returns after all are only like a finger pointing to dangers ahead, and Great Britain still possesses 35 per cent. of the external tonnage in Australian waters, or just equal to that of the foreigner. I want to say in regard to this, that a great question is, is there anything that will weaken the position of Australia or any of the over-sea British Dominions, and make a hostile nation attack quicker, than lessening the bonds of commerce with the Empire, and the balance of that commerce being taken by the foreigner? It seems to me that there is nothing that will do greater harm in the future than this.

It is in the trade returns that we see far more disastrous results have occurred 20 years ago, of 34,000,000*l.* worth of imports, 25,000,000*l.* worth was from Great Britain, or 73 per cent. Last year, of 38,000,000*l.* imported, only 23,000,000*l.* worth came from Great Britain, or actually 2,000,000*l.* less in the total than 20 years earlier, and showing an all round loss of 13 per

cent. 10,000,000*l.* worth of goods, or more than one quarter, came direct from foreigners, or if, as should be done, the goods manufactured in foreign countries but exported viâ Britain be added, you will find that of the 38,000,000*l.* worth of imports 13,000,000*l.* worth—or more than one-third—were the products of foreign countries. Compare this with the early sixties, when Britain's share to New South Wales was 4,000,000*l.*, and the rest of the continent of Europe 200,000*l.* only. Taking the returns of New South Wales, it is alarming to find that whereas in the quinquennial period, 1880–84, imports from the United Kingdom reached 49·76 of the whole, in the period 1900–04 this had fallen to 32·06 per cent. During the same period imports from foreign countries increased from 9·71 to 17·71 per cent.

Australian figures show that there has been an appalling decrease in the employment of some sections of your people, and I wish to refer to the speech that was made by the Prime Minister of Great Britain the other day, wherein he said that in 1880 or 1881 the employment of labour on the soil of Great Britain was 1 million or over 1 million, and to-day it had gone down to a little over 600,000—I think 630,000 or 640,000.

You have lost in that one industry alone, according to what your own chief said, between three hundred and four hundred thousand persons employed.

Mr. LLOYD GEORGE : They have gone into other industries—into manufactures.

Sir WILLIAM LYNE : They are driven into the cities or driven away. It is the worst thing you can do for them.

I desire now to mention just a few matters in which it seems to me your workmen have lost employment, and it meets a statement made by your Chancellor of the Exchequer where he quoted the imports from British Colonies, and showed what proportion was imported of manufactured goods and what proportion was imported of raw material and food stuffs. I will take a very small thing first. Take matches : in five years the imports from Britain have decreased by 25,000*l.* in this one small item, while the imports from Germany have increased by 23,000*l.* Take metal pipes : the imports from Great Britain decreased 26,000*l.* I want Mr. Lloyd George to listen to this ; I have had this checked very thoroughly : in metal pipes the imports from Germany increased 17,000*l.*, and from the United States increased 10,000*l.* Then on wire the British imports have decreased 7,000*l.*, German have increased by 10,000*l.*, and the United States increased by 20,000*l.* On paint the British imports decreased 35,000*l.*, German increased 1,000*l.*, and the United States increased 20,000*l.* Then on stationery British imports decreased 54,000*l.*, and German increased 4,000*l.* Then on tools of trade the British imports decreased 12,000*l.*, and the German increased 2,000*l.* On wicker work the British imports decreased 1,000*l.*, and the United States increased 20,000*l.* These changes have occurred during the last five years only, and if we went back 20 years the figures would be far more appalling. Many more lines might be mentioned, but perhaps these suffice to show you the trend of trade, and how foreign workmen are supplanting the Britisher in Australia. During the last few years several of the Australian Governments have tried to divert the trade of Great Britain again to them by directing that in Government contracts British goods are to be bought, if possible.

After an adjournment.

CHAIRMAN : Sir James Mackay wants to make one word of personal explanation before you begin, Sir William.

Sir JAMES MACKAY: My Lord, I was anxious not to interrupt Sir William Lyne in the course of his remarks, but there was a point where I think he was not quite accurate, and it would only be right to correct him. I understood him to say that the Indian sailors on P. and O. steamers were paid at the rate of 4½*d.* a day. This would be equivalent to nine rupees a month, and there are no Indian sailors, as far as I am aware, who are paid at less than 18 rupees a month.

Mr. DEAKIN: Ninepence a day.

Sir JAMES MACKAY: That would make 9*d.* a day, in addition to which they get their clothes when they come into cold climates, and the steamers carry, as a rule, double the number of Indian sailors that they would of Europeans. What induces shipowners engaged in tropical trades to employ Lascars or Indian sailors is not economy; but it is because they are really more used to the heat, and they stand the climate better than Europeans do. It is a great hardship for European sailors to be constantly employed in the tropics, and I think, as Mr. Deakin pointed out the other day, the men employed in North Queensland, when they first go there, before they are acclimatised are inclined to give way to drink, and Indian sailors are sober, steady and well behaved men. These are the reasons that induce shipowners engaged in the Eastern trade to employ Lascar sailors. I hope you will excuse me, Sir William.

Sir WILLIAM LYNE: Certainly. I am very much obliged, my Lord, to Sir James Mackay for his information. What I said was, that when India placed her people upon nearly the same footing as our British white people in Australia regarding wages and other conditions, then it was time enough for India, which is not in the same category as Australia or the other self-governing Colonies, to make a comparison between one set of men and another set of men; and, in addition, I said that I believed the wages paid were 4½*d.* That is what I was informed on the P. and O. boat the "Britannia." If it is otherwise, I am glad to know it; but that does not do away at all with the point of my argument.

Sir JAMES MACKAY: I do not know from whom Sir William got his information on board the P. and O. steamer.

Sir WILLIAM LYNE: From several of the officers—not the chief officers, but the petty officers. That, however, does not change at all the comparison I was making, even supposing it is 9*d.*, and I presume it is not 9*d.* when they are employed in India and not on the boat. I do not know what their wage in India in rupees is, but I know it is very low. Our men in Australia—and I am not going to compare, nor did I desire to compare, the white men on the boats with the black men, what I compared was the wage of the black men with the wage of the white men in Australia—our sailors get, I think I am quite within the mark in saying, from 6*l.* to 7*l.* a month; I am not quite sure, at any rate it is not much under that, if any, and the difference between that and 9*d.* a day is a very great deal even to sailors. That was the object I had in making the comparison I did, although I am thankful for the correction as far as it goes.

Sir JAMES MACKAY: If I may say so, Sir William, I do not think it has ever been proposed in this country, by the Board of Trade or by the shipowners, that Lascar crews or Indian crews should be employed in the coasting trade of Australia.

Sir WILLIAM LYNE: But they are.

Sir JAMES MACKAY: Dear me, no, not in the Australian coasting trade—surely?

Sir WILLIAM LYNE: Yes, they are; the P. and O. boats carry them.

Sir JAMES MACKAY: The P. and O. steamers run from London and call at Fremantle and go on to Adelaide, Melbourne, and Sydney, possibly up to Brisbane.

Sir WILLIAM LYNE: They do not go to Brisbane.

Sir JAMES MACKAY: The P. and O. are talking about going to Brisbane. Although they do call at Fremantle, Adelaide, Melbourne, and Sydney, that is only a continuation of their voyage from England.

Sir WILLIAM LYNE: That does not matter; under our arrangement they are in our coastal trade.

Sir JAMES MACKAY: To that we can take no possible exception, but surely you cannot object to Indian sailors being employed on vessels making voyages from England or any other country to Brisbane, calling at Fremantle, Adelaide, Melbourne, and Sydney?

Sir WILLIAM LYNE: We do, if they compete in the coasting trade, which they do a great deal.

Sir JAMES MACKAY: The interportal or coasting trade of Australia is, of course, a matter which it is entirely within your rights to deal with.

Sir WILLIAM LYNE: They largely enter into the coasting trade.

I do not want to be long in dealing with this question, and at this stage, after the announcement made by the Chancellor, perhaps it may be thought not worth while using any further arguments in favour of our cause, but I feel, and my excuse must be that I am completing my argument, that this is a question which will be read throughout the British Empire, and I hope, and I understand, that in the Blue Book which is to be issued, all that is said here and the arguments advanced will be found, so that everything that is submitted to the Conference will be for the use and information of every British Colony as well as Great Britain.

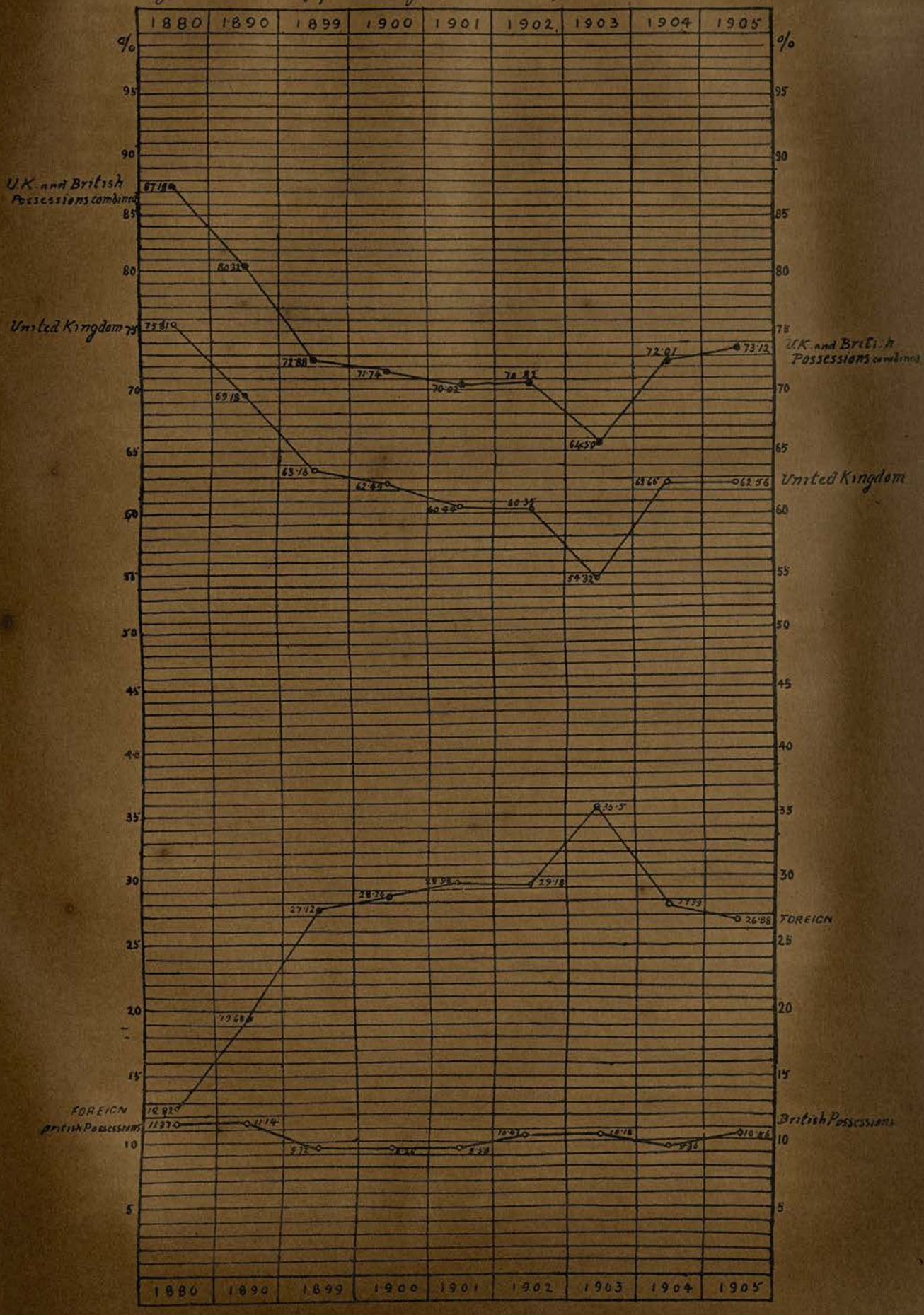
I wish further to say that while Britain has decreased her exports to Australia by over two million pounds sterling during the last 20 years, Germany has, in direct exports alone, increased hers by 278 per cent., and the United States by 115 per cent., while if the goods actually made in these countries and exported viâ Great Britain be added, the figures would be even more impressive. All nations except Britain show an increase in their exports to Australia during the past 20 years. To digress a little, I interjected yesterday, or I think Mr. Deakin did, and I supported it, that there were vessels owned absolutely outside of Great Britain that were flying the British flag, and cutting trade between Great Britain and Australia, and that line to which I was referring was the White Star line. I had a deputation from shipping merchants between Great Britain and Australia who gave me the information that that line was seriously injuring the British trade and bringing from America, viâ Great Britain, exports to Australia at something like 15*s.* or 1*l.* less per ton than that at which they could be sent from Great Britain to Australia.

Now, my Lord, I have, to demonstrate my arguments, a small chart which I desire to submit and have printed with the other documents, because I find that the best way, as a rule, to bring a matter before people to impress the effect.

Commonwealth of Australia.

Imports of Merchandise various years

Diagram showing per centage of United Kingdom, other British, & Foreign



That chart shows the effect of trade between Great Britain and Australia with foreign and British Possessions from 1880, and if gentlemen will look at it, the second is the line which shows the British trade with Australia from 1880, coming down to 1905. The one above represents the trade with British Possessions coming down to 1905, line three shows the increase of foreign imports. The fourth line shows British Possessions nearly even as far as Australia is concerned. There is one point I wish to refer to. It will be seen that there is a great drop at one particular point in part of the years 1902, 1903, and 1904. I find on examination that that has caused correspondingly an immense increase from foreign countries during these three years of great depression, when a large quantity of foodstuffs, corn, hay, and one thing and another for stock, were imported from South America, some from the United States, but mainly from South America into Australia.

Mr. LLOYD GEORGE: Is that 1903, Sir William?

Sir WILLIAM LYNE: Yes, it is part of 1902, 1903, and 1904.

Mr. LLOYD GEORGE: May I ask another question now, or if you like I will ask it after you have finished explaining the diagram. I should like to know whether these figures represent percentages or the actual trade done.

Sir WILLIAM LYNE: I think it is the actual trade done.

Mr. LLOYD GEORGE: That cannot be.

Sir WILLIAM LYNE: You will find 87 down to 73, and 75 down to 62. They are percentages.

Mr. LLOYD GEORGE: That does not represent a drop in the actual trade?

Mr. DEAKIN: In the totals.

Sir WILLIAM LYNE: It may not be the totals, but it is the proportion.

Mr. LLOYD GEORGE: That is what I want to make clear—that it does not represent a drop in the actual trade.

Sir WILLIAM LYNE: It does not follow that it does; it follows that there is a proportionate drop in comparison with others.

Mr. LLOYD GEORGE: This represents percentages and not actual trade.

Sir WILLIAM LYNE: According to the figures, it is percentages just referred to.

I am convinced that the preference we offer Britain would do much to rectify this—would increase your shipping—and would greatly add to the employment of your working classes. So Australia offers preferential duties on your goods and with it increased emolument and employment to the

British workman, and to give him the work and wages that now go to the foreigner. I think there is no question about that.

Preferential trade between the German States made that country the great and mighty country it is. Prior to that they were scattered units, but with the advent of the policy of giving their own people better terms than the foreigner and of protection against the outside world the broken units became a great and mighty Empire. Of course, the cases are not exactly parallel; for the German States were all equally old settled countries with no wide difference between the social circumstances of the workers, while in Australia infant industries have to be built up, and the high social condition of the workers must be maintained at all costs. So to put the Australian manufactured goods on an equality as regards price with those of Britain, it is necessary to have some slight duty even on the latter's goods, though this duty will be only trifling compared with that on foreign. Whilst dealing with this question let me add it would be, I think, incomprehensible for anyone to argue that in a great country like we have, and great Colonies such as Great Britain has, with a production of raw material to the extent we have (sufficient to supply Great Britain with all she wants, and a great deal more) we should not protect against outside foreign manufacture mainly. We want to deal, if we can, with Great Britain, but we also want to increase our numbers and wealth by employment on manufactures, and to make ourselves what we should be, a greater country than we are, and a populous country can only be made by the establishment of manufactures.

The German Zollverein in some respects resembles the present proposals for preferential trade within the British Empire. It was founded because the producers of the separate States saw they were being ruined by the policy of isolation followed by each. A Customs union throughout the Empire was brought about, and the foundation laid of their future greatness. Our Empire may look for equal success if we give greater privileges to each other than to foreign nations. What I emphatically complain of in the able speech I listened to this morning is—it was placing our own flesh and blood, our own kith and kin, in the same category as the foreigner.

It may reasonably be asked what we expect in return. We are making or seeking no stipulated bargain. The whole of this question is founded on aspirations and ideals very much higher than that. It is the unity of the Empire that we are looking to, and we believe that preferential trade will bring this about at no cost to Great Britain. I will just refer briefly to a few of the chief items from your last trade returns with which your Colonies could readily supply you. This is the importation that you have taken from foreign countries:—Grain and flour, 70,000,000*l.* worth; wool, 25,000,000*l.*; meat, 41,000,000*l.*; sugar, 39,000,000*l.*; butter, 21,000,000*l.*; wine, 4,000,000*l.*; cheese, 6,000,000*l.*; leather, 8,000,000*l.*; and eggs, 7,000,000*l.* Now there is a margin there of importation which comes mainly from the foreigner; that we seek emphatically to be given an opportunity over the foreigner to supply, and at no greater price, the margin of trade with which you enrich the foreigner but apparently do not wish to help your Colonies with, is sufficient to leave a great margin for your Colonies to supply to the consumer of Great Britain; whilst from various parts of the British Empire could be obtained immensely increased quantities of the tea, coffee, fruits, cotton, tobacco, and other like products which you now obtain from the foreigner. The slight preference which in the past has been suggested from you in return would not, I venture to assert, make your people one penny the poorer, but it would give an additional revenue at the expense of the foreigner—not at the expense of the consumer, but at the expense of the foreigner. The Chancellor this morning—or I rather think it was Sir James Mackay—when asked the question at whose expense was it, who paid the

difference, who paid the extra cost, said, in the increased trade to Russia from India, though having a higher tariff, "the consumer." In actual practice where you do not put duty on for revenue purposes, and where you reasonably can produce it yourselves or manufacture it, it is the foreigner pays and not the consumer, and that was demonstrated to an extent that never should be questioned in the effect of the German tariff when introduced by Prince Bismarck. If any one would take the trouble to read the opening speech when he introduced his tariff, his prophecy of what would take place six or seven years afterwards, and to read his speech six or seven years afterwards giving in detail the results, they could not, if they followed argument at all, say that in those cases to which I have referred the consumer pays much. The producer who is receiving those goods helps to maintain the treasury of the Empire, but it would give an additional revenue at the expense of the foreigner and create a fund—and I want to emphasise this—out of which your country could follow Australia's example and pay pensions to your old folk who are in need of a well-earned rest in their declining years, and in doing so relieve the community of the enormous burden of poor rates which now fall so heavily upon your middle classes.

I may say that in New South Wales the effect of a Protective tariff, small as it is, averagely low as it is, has given that country a revenue through the Customs which has enabled it to pay about 600,000*l.* a year as pensions to the poor of the community. We are enabled to give them 10*s.* or if man and wife, 1*l.* a week, and if it had not been for the increased revenue we get through the Customs we would have had difficulty to carry that out.

Opponents shelter themselves behind the plea that such preference will raise the cost of food to the working classes. That such is not the case may be seen from the fact that in 1902, when a duty of 1*s.* per quarter was imposed on wheat in Great Britain, the price fell slightly (it can be proved whether that is true or not), while it rose soon after Mr. Ritchie took off the tax. Again, in 1902, when the duty on wheat was raised in Germany, the price fell 9 per cent., and in France in 1895, when the duty was raised, bread fell 7 per cent.

Now, I give you these instances where the statement that has been made and the argument that has been relied upon are absolutely shown to be fallacious. In fact, tariffs on wheat, unless excessive, have very little influence on the price. It is a commodity regulated far more by conditions of exchange, currency, transport and production. That is what I said previously; give us your market and it will cheapen our cost of production, cheapen our cost, and we can supply you cheaper than we are doing to-day. Also, it is often forgotten in Britain—where popular opinion is that only a small proportion of the wheat used is supplied by British Possessions, that Great Britain itself is a British Possession, and counting "home" supplies and Colonial—it will surprise many to learn (and it did surprise me), that in 1905 55 per cent. of the wheat consumed in Britain was British production, and only 45 per cent. foreign. When these facts are borne in mind, what becomes of the argument of those who allege—mistakenly allege, I say—that a duty of 2*s.* a quarter on wheat would raise the price of bread. I conceive that contention is ridiculous. Yet this little duty of 3*d.* per bushel would encourage the Colonies to put 15 to 20 million more acres of their land under wheat, and to find employment for at least 200,000 more men—Britons I hope—and I wish again to say—I referred to it this morning—that the way in which that could help to be done to a large extent is giving opportunity to a quantity of wheat to be grown in centres; giving the Railway Commissioners, as they are now trying to do in New South Wales the opportunity of taking that wheat in full train loads and in bulk, with special trains at a cheaper rate than they can take it now, although they carry it about or nearly 400 miles for 4*d.* per bushel, and it would enable the ship to receive the

wheat without the expense of handling, and when it gets to its destination to place it in mills or storage without handling again.

Mr. LLOYD GEORGE: 400 miles for 4*d.* in Australia, Sir William?

Sir WILLIAM LYNE: Yes, I think it is a little over 400 miles, but I know it is about 400 miles for 4*d.*

Mr. LLOYD GEORGE: This is over a State railway?

Sir WILLIAM LYNE: Yes. As I say, this would find employment for at least 200,000 more men—Britons, I hope—who with their wives and families would consume the manufactured products of Great Britain, and thus increase employment in the Old Country. The same may be said of dairying, meat, and many other industries, preference to the Colonies would mean the employment of millions more Britons in your Colonies, and increased markets for British manufactures. And let me remind you of another reason why this trifling duty of 3*d.* per bushel would not fall upon the consumer; it would be encouraging the growth of wheats such as the strong wheats of Canada (I presume that I should be supported in this by Sir Wilfrid Laurier), and the full-floured wheats of Australia. Do you know that a bag of these wheats will make more flour, and that flour, on account of its greater strength and nutriment, will make more loaves per sack than the weak-floured wheats of the Argentine, Russia, or anywhere else. In fact a 200-lb. sack of Canadian and Australian stronger-floured varieties will make 10 to 20 per cent. more bread than the same quantity of Russian flour. On these points, far more than on a trifling duty, depends the price of bread.

Of course, unless some sort of preferential arrangement is arrived at, it is not by any means certain, for reasons already pointed out by Mr. Deakin, that Britain or the Colonies can retain even their present place in the British or foreign markets. Australia, like the rest of the Empire, loses much in foreign markets through not having behind her the voice of the vast purchasing power of the Empire as a whole. On all sides Britain's export trade is being restricted by ever-increasing barriers erected by foreign countries. And yet the solution of the danger is at hand in the system of preferential duties and tariff retaliation; and in answer to that little indication from Mr. Lloyd George I will tell him that if he will be fair and not talk of totals, but talk of proportions as between Great Britain and foreign trade, he must admit it is only a question of time before what I say comes about.

Mr. LLOYD GEORGE: That little interjection of mine had reference rather to the statement you made, Sir William, about the export trade of Britain being restricted more and more owing to the tariff barriers, and I could not repress the exclamation.

Sir WILLIAM LYNE: That is exactly what I thought it did, and I say in answer to that that your trade is becoming more restricted in proportion to foreign trade.

Mr. LLOYD GEORGE: In proportion to foreign trade?

Sir WILLIAM LYNE: Yes, that although you supply us with a very large proportion, what we receive from the foreigner is catching you up and beating you in the race.

Some fear that if we enter into this bond of union other nations will permanently retaliate and injure us. That they will permanently do so I do not believe, for nearly 60,000,000*l.* worth of German exports go to British Possessions. If all British countries were united, I do not believe that Germany, for example, would retaliate and risk losing this vast purchasing

power. They are too dependent upon British trade, seeing that over 40 per cent. of their whole exports are sold within the British dominions, but that is not in Great Britain. In trade England alone takes from America and Germany goods to the value of 150,000,000*l.*, while they only take 54,000,000*l.* of English goods. The United States total exports to Britain and British Colonies amounts to 143,000,000*l.* annually, or nearly 50 per cent. of their total exports, and they will not jeopardise this market I feel sure. Rather, if properly handled, they and other nations will take off some of the burdens they now place on our export trade with them.

One of the most common arguments against preferential trade is that its adoption would lead to reprisals, and would tend to endanger the peaceful relationship of the British Empire with the other nations.

In view of the fiscal policies of the various nations it is remarkable that such an argument should be heard. As each individual justly claims the right to arrange his domestic affairs so that they may contribute the maximum amount of happiness and advantage to his family, so surely each nation has the right and undisputed privilege of preserving the welfare of its people and protecting the fruits of their industry.

I do not wish to go over the figures that Mr. Deakin gave. I have most of them, and I will only mention that the British possessions purchase the enormous sum of 800,000,000*l.* worth of goods annually. Great Britain alone purchases annually 565,000,000*l.* worth, of which only 49,878,000*l.* are at present subject to any duty. Herein—in this huge purchasing power if all combine, lies the strength of the British Empire. Foreign nations, which now refuse to buy our goods on equal terms with those of other nations, will treat, and gladly treat, with the British Empire for the sake of gaining or retaining portions of this immense trade. The power over foreign nations, given by the possession of this great market to be opened or closed at will, cannot be too widely realised, and the Empire's future depends on all combining and using this power to meet attacks by foreign nations on any part of the Empire.

This leads us to another view, and perhaps the most important one, of the advantages to be gained by preferential trade. The Empire creates nearly three times the amount of productive employment in Germany and the United States that these countries create in England.

Mr. LLOYD GEORGE: How is that, Sir William?

Sir WILLIAM LYNE: That is so, and I have obtained that information from certain of the Australian offices here.

Mr. LLOYD GEORGE: That the trade of the British Empire creates nearly three times the amount of productive employment in Germany and the United States as it does in England?

Sir WILLIAM LYNE: It acts in diverting; and what it has diverted and what it will divert into Germany and the United States is to make three times the amount of profitable employment that it does in Great Britain. It has diverted an immense quantity of trade—for instance, a great deal from Australia to Germany—and it is diverting a great deal to the United States that ought to be here and is not, and you do not get the employment.

Dr. JAMESON: If you got it all, you would have three times as much work to do.

Mr. LLOYD GEORGE: That is what I want to know. I do not want to challenge it, but I want to know what the proposition is.

Mr. DEAKIN: We say you will not be able to challenge it very soon.

Mr. LLOYD GEORGE: I thought it would save time if I understood what the proposition was.

Sir WILLIAM LYNE: It is very easy for Mr. Lloyd George to check it.

Mr. LLOYD GEORGE: I cannot check it unless I know what it is. However, Dr. Jameson has explained it.

Sir WILLIAM LYNE: As Dr. Jameson put it, you would have had three times as much diverted employment.

Mr. LLOYD GEORGE: If it had not been for the trade we divert to Germany and the United States.

Sir WILLIAM LYNE: The prosperity of Germany is through Britain's action to some extent. On the mercantile predominance depends Naval supremacy, on which, again, depends the security of the Empire. Great Britain and the Colonies are helping to build up huge foreign merchant navies which will undermine the strength of the Empire, and it is to be remembered that many foreign Powers subsidise their mercantile marine with a view to relying on it as a reserve in war time. Why should not more of Britain's vast outlay—565,000,000*l.* annually which she pays for imported goods—go towards building up the British Colonies; to increasing their wealth; and to strengthening the British and Colonial merchant navies and the Empire as a whole? Colonial agriculture goes hand in hand with British shipping; increased Colonial production means more material for the British manufacturer and greater purchasing power for the people as a whole. Success of one means success of both. At present we, as a whole nation, are not utilising our powers. Even Adam Smith—the most practical of writers—says "retaliatory duties are a matter for deliberation when a foreign nation "restrains by high tariffs or prohibits the importation of some of our "manufactures into their country." Not only are foreign nations gradually prohibiting our imports, but by heavy subsidies to their traders they are actually ousting British products from British markets. All approve of the commercial union of England, Scotland, and Ireland; of the consolidation of the United States, the federation of South Africa, and of Australia—then what reason can be urged agasnst the commercial union of the whole Empire.

Although it has been partially eclipsed here for a brief period (I say "here" because it is eclipsed by the action of Great Britain) by the intervention of political questions of purely domestic character, the time is at hand when I hope there shall be a fresh awakening to the benefits of reciprocity and trade preferences in the relations of the component parts of the Empire. For long an earnest advocate of the policy of preferential trade, my faith in its wisdom, and its ultimate realisation, has never waned.

It is impossible to believe that a nation may continue to mark time in the presence of its advancing competitors and yet retain its power and prestige. And, in view of the very serious problems which have to be faced, who can say that the last word has been said, or that this or that economic faith is for all time and for all conditions?

In regard to that, let me say that the remarks made and the basic principle laid down by the Chancellor to-day that because Great Britain sixty years ago adopted the principle of Free Trade it is a good one to-day, has not a sound foundation, although it suited Great Britain at that time, a time when

she outpaced all her neighbours and was at the zenith of her powers in manufactures, surely there is a time when all the people will not say: "I am a Free Trader because my grandfather was"—and that is what most of them do say; they cannot give you any other reason. If you ask nine out of ten, especially those who come to the Colonies as Free Traders (they do not remain Free Traders long) the question why they are Free Traders, the answer of most is, "Oh, my grandfather was one."

We are accustomed to look upon the Empire as a concrete quantity. It is nothing of the kind, but rather a scattered mass of units, some great, some small, bound together to a large extent only by the ties of blood and sentiment. Whether it makes for strength or weakness no man may surely say. In my opinion, compared with the United States and other great Empires, it lacks that cohesion, those qualities of strength and unity of purpose which, welding the whole in a common destiny, afford an unbroken rampart to each storm and danger; and in regard to that, if anyone looks at the map they will see how diversified and how distributed the Colonies of Great Britain are—the Empire of Great Britain; they will see it is the most vulnerable Empire that the world knows, and that is all the more reason why it should be more cemented than it is at the present time, with ties of kinship and of commerce.

The greatest administrative genius of modern times is said to have exclaimed, "Give me ships, Colonies, and commerce," and therein lies the watchword of the present time—British ships, British Colonies, and British commerce.

In a recent reprint of the work of John Barnard Byles, originally published in 1849, entitled "Sophisms of Free Trade and Popular Political Economy Examined," there is a remarkable anticipation of the aspirations which are now finding expression throughout the length and breadth of the Empire: "The great Lord Chatham was not only a Protectionist but an "ultra-Protectionist; jealous even of the Colonies"—and that is what it seems to me the present Government are—and he said, "They shall not make so much as a nail." That seems to be the policy of Great Britain at the present time; because we want to convert raw material into the manufactured article we are not to have preference unless we pull down our tariff barrier to the ground. "The true policy would differ from Lord Chatham's, for it "would treat the Colonists as if they inhabited an English country, giving "them full liberty to grow and manufacture what they pleased. It would "differ from the system of the Free Traders, for in place of disadvantages it "would give them in common with all their fellow subjects an advantage in "the Imperial markets, and take in return a reciprocal advantage in the "Colonial markets; the first markets in the world, instead of being opened "as now to all without distinction, would give a preference to British "subjects. It requires little foresight to perceive how powerfully self-interest "would bind the Colonies to the Mother Country, and the Mother Country to "the Colonies. . . . . If the vast Dominions of the British Crown do "not compose a State without a parallel for greatness and prosperity, the "fault must be in the policy of the Imperial Government," and not of the Colonies. That is truer to-day than at the time the foregoing was written.

The proposals lately made have given life and shape to the ideals. They possess the very ingenious and masterful advantages that whilst each self-governing State may retain its full freedom in regard to domestic and fiscal affairs, it may also participate in an Imperial Customs Union (I refer to those proposals made by Mr. Chamberlain), and whilst preserving its own industries each unit may share and contribute to the prosperity of the Empire as a whole, giving preference to our own people, and combating the competition of the foreigner. In 1889 the late Lord Salisbury, dwelling upon the future of

the Empire, sounded a note of warning in the caution: "We must bring "minds not biased by the reflections of the past. We have to deal with a "different set of problems, in respect of which names, political connections, "and traditions of parties will help us very little."

Then the late Lord Carnarvon, of whom it has been said: "He was "amongst the very first of British statesmen to see clearly on the horizon "the coming dawn of an actual Greater Britain, and the first to counsel "timely preparation for dealing with its earliest necessities," said, in the course of a speech at the London Chamber of Commerce, in 1887: "You "have in the first place, a vast Empire, vast in area, population, and "resources, of which, as we may honestly say, the world's history knows no "counterpart. It is the first and foremost of its kind. Within the compass "of this great Empire, you have all the products of nature that can be "named . . . . . If all the interests and parts of this Empire can "be adequately bound together, the commercial interchange of necessities, "comforts, and luxuries ought to be achieved within the compass of our "own dominions. I believe, myself, the solution will be found much rather "in the practical adaptation of means to ends" (this is what he says), "and in "common-sense determination to combine, as far as may be, the different "interests and resources of an Empire, which, though divided and scattered "geographically, over the whole face of the world, is singularly and "marvellously united in the heart and feeling, as well as in interest."

I quote these utterances since they reflect the opinions of by far the greater number of Australians.

So far, Canada, South Africa, and New Zealand have pledged themselves to this policy, and the Commonwealth has made a modest and initial step towards the common goal, and in Australia we look with anxious eyes to the Motherland for the development of events which will lead to the result we so much desire.

Amidst the stirring events of recent years which have brought Australia closer and closer in touch with the Old World's activities and tragedies, we realise that we must either face the responsibilities of our own protection or be drawn closer to the head of the Empire.

Whatever views to the contrary may find expression, we recognise that our future is inseparably bound with the fate of the Empire whose glorious record has been so remarkable. Our faith is in the Empire, and our belief is that its unlimited resources may supply us with most of our wants. We desire to so arrange for the mutual benefit of each portion of the Empire that we may help each other, strengthen each other, and, above all, prefer our own to all others. We want to concentrate the wealth, strength, and progress of the race by a business relationship which, whilst consolidating its power and prestige, realises its highest ambition in the welfare of its own people.

When we are warned by the oponents of preferential trade against the artificial regulations of trade, it is pertinent to ask, how is it, in the face of modern competition, we find that artificial regulation is winning the race, not alone in the British Possessions, but throughout the globe.

It has been truly said that the boast, "Trade follows the flag," is not borne out by experience. What really happens is that the British flag is followed by foreign trade. It was Lord Farrer, an ardent Free Trader, who said "Free Trade can beget no possible qualities in man; it leaves the power "of nature and man to produce whatever is in them, to produce unchecked "by human restrictions."

It seems to be a strange peculiarity of the British race that it rarely, if ever, foresees or is found prepared to meet those greater emergencies which periodically mark the record of every nation in history. With characteristic

confidence it ignores the most potent warnings, trusting to blunder through somehow or other, absolutely unconscious of any other idea than ultimate success.

This has almost, without exception, characterised each war, as well as each serious crisis, in which it has been involved.

It may be possible that this feeling of self-complacency is the real stumbling block in the way of fiscal reform. There has been a growing uneasy feeling for some years past that all is not well with British trade, but the very thought that the fiscal system has outlived its period of usefulness is intolerable to those who have worshipped at its shrine.

In war, a disaster of to-day may be retrieved by the victory of to-morrow, since the reserve strength of the nation is available in all its power for the recovery of its honour and prestige, but with commerce the disasters of to-day cannot be so readily compensated for by any victory of to-morrow. Once the tide of trade has drifted into other channels, be sure that it has also carried with it much of the reserve strength of the nation.

Bearing in mind the implicit blind faith of the many in the policy of free imports, it is not difficult to imagine one of its adherents standing beside Macaulay's New Zealander on a broken arch of London Bridge amidst ruins of our Empire, self-confident and self-satisfied that in spite of wreck and ruin his faith remains supreme.

I have just a word or two more. In reference to some remarks that were made this morning by the Chancellor, to which I slightly referred previously in regard to the preference that Australia had commenced to give, I wish to point this out, that ours I believe at the present moment is the lowest average tariff known in the British Dominions where there is a tariff at all, that is for Protection, and it is much lower than Canada, I think Canada's is 10 per cent. higher than ours, or thereabouts. Ours averages about 15, while, I think, Canada's averages about 25, or something like that.

Sir WILFRID LAURIER: Between 25 and 26.

Sir WILLIAM LYNE: I think so. Therefore when we offered 10 per cent. preference—that is the average of what was offered over the whole of our tariff—that is a very much larger proportion than offering 10 per cent. on a tariff such as that of the United States or Canada, or any other place. We went to the extreme limit, I may call it, of offering 10 per cent. when our average is only 15—that is, that Great Britain would have the advantage of all our markets at 15 per cent., while the States would have to pay us the 25 or 10 per cent. more; and surely if Great Britain's manufactures are so much superior, as they were described this morning, to those of America and other parts of the world, with the 10 per cent. it ought to be a pretty good thing for them. That 10 per cent. is applicable on an immense volume of importation that we do not produce to-day in our manufacture in Australia. To give you an idea—I will not detain you to give you every item—our imports of steel and iron into Australia average 7,000,000*l.* a year, and a very large proportion of that comes from the United States. We want all we can get from Great Britain, and I want to tell you a little incident. You will bear with me for a moment, but this is really emblematical of what Great Britain is not doing. At the present moment in Canada (that is not a foreign country, and therefore we do not complain of them), in the United States especially, and in Germany, they adapt their methods with a great measure of foresight so to our requirements that they absolutely kill the British trade. There was a place called the Clyde Works manufactory near Sydney, where they were supposed to manufacture farming machinery, principally for Australia. I used to see coming from Melbourne as I went over, train loads of

manufactured machinery, some coming from the United States and some from Canada. I asked the managing director of this Clyde works how many agricultural ploughs he had sold that year, and he said: "I do not know how many"; I said: "Have you sold any?" and he said, "Yes, one"; and that year I suppose there were thousands, almost tens of thousands, which came into our farming districts. I said to him: "As long as you do "what you are doing you will be ruined, and you will not get the trade. What "sort of plough do you make?" and he answered: "A single-furrow plough." I told him that the farmer scarcely ever used less than a three or four-furrow plough, and they are catered for by the ingenious American. Now, this is the typical part of it—I was referring to a man being a Free Trader because his grandfather was, and this man's answer to me was: "Well, I cannot help it, what is good for old Great Britain is good enough for me." That was his answer, and his works closed shortly afterwards. The man is alive still, but he is a Protectionist now.

I recognise that this position is an awkward one for the Imperial Government. I should feel it awkward if I were in their place, but at the same time it is not insurmountable. I recognise that a general election has taken place, and it is said that Free Trade was one of the principal questions before the electors (whether it is so or not I do not know). What we are proposing, however, is not a question of Free Trade; it is a question, as described by one of those I have just quoted from, to be dealt with under special circumstances and not interfering with the principle of Free Trade, therefore it might reasonably be considered under that heading, and not interfere with the question of Free Trade or Protection. If the Ministry are afraid of that, or if they do not want to do anything to interfere with what they conceive to be the decision of the electors, we in our country are often told that a good way to get over that difficulty is by way of referendum; they could easily remove it from party obligations, and it is important I think to be dealt with in that way if it cannot be dealt with in any other—put it to the electors of this community free from any other question, free from the Education Act, free from any combination of any kind, and ask the British people whether they are in favour of drawing closer together the outlying parts of the Empire, the offshoots from themselves, their flesh and blood coming from Great Britain, and give us some consideration in a preference, even, we will say, in food and drink.

I was surprised at the answer this morning to the interjection made about wine. What on earth there is to prevent the Government and the British people from allowing some consideration to us in regard to our wine I do not know. I forget at this moment what the tariff in France is, but in my own electorate a large proportion of the wine that is produced there goes to France—it does not come here—and it is then mixed up with the French light wine and sent to Great Britain. We would like to treat directly in our wines with Great Britain, and there can be no question of dearer food. There are other things; but I refer to that only.

Mr. LLOYD GEORGE: You have got the cheapest rate on your wine, I may point out.

Sir WILLIAM LYNE: It used to be 6*s*.

Mr. LLOYD GEORGE: I went into it a little while ago in the case of Portugal and Spain, and I found that Australian wine came in under the lower rate. I am not sure about the Cape.

Sir WILLIAM LYNE: I want you to consider us a part and parcel of the Empire and not to treat us regarding our trade as though we were

Russians (Mr. Deakin: or Italians or Spaniards), as you now treat us. You treat us as though we were aliens, and the speech I listened to this morning makes me think we have little chance of any alteration.

Mr. LLOYD GEORGE: We give you the lowest rate, much lower than Spain or Portugal.

Sir WILLIAM LYNE: How much is it?

Mr. DEAKIN: Are you not hoping to make commercial treaties with other nations? Why not make commercial treaties with your own Dominions?

Mr. LLOYD GEORGE: That is a question which is entirely open.

Sir WILLIAM LYNE: I thank the Conference for listening to me for so long, but I felt I had to place on record my views, because this is an historical Conference I think, and will be known as an historical Conference, and I certainly hope it is not going to stop here—that the Government will see their way clear to meet us in some way or other and show to our people that we are not those aliens which the treatment we receive seems to indicate.

Adding just a word with regard to what Sir Joseph Ward said the other day, I do hope that some means will be adopted to shorten the time between Australia and New Zealand and Great Britain. In that to my mind, or on that, hangs a great deal. We cannot shorten the distance, but if money can quicken the time and bring your people to us and our people to you, as our railways did before federation, and they brought about federation in Australia, it will do an immense amount of good. I have spoken to my Prime Minister on this more than once. You talk about emigration: I cannot see that it is going to be very successful at present, but spend your money, even if it amounts to half a million annually, in giving cheap and quick communication and we will soon have plenty of emigrants, also have our people amongst you, and yours amongst us.

Dr. SMARTT: After the full, exhaustive, and I might almost say the forcible manner in which this subject has been discussed, it really leaves very little further for any member of the Conference to say, and I feel that all the more, Lord Elgin, after the very able and clever speech to which we have listened from the Chancellor of the Exchequer, because without desiring in any way to appear to criticise that extremely able statement from his point of view, I, as a member of the Conference, and one taking a deep interest in trying to arrive at some solution of binding more closely together the different portions of the British Empire, could not help feeling that that speech, clever as it was, was a brilliant example of special pleading. It was a speech which, perhaps, might have been admirably delivered in support of the doctrine of Free Trade as against any controversion of that doctrine, but I must say I did look for some more sympathetic desire, while maintaining the doctrine of Free Trade (with which we, as members of this Conference, do not want in any way whatsoever to interfere) to try and arrive at some arrangement whereby the differences which separate us might be bridged over instead of meeting us with the proposition that it was absolutely and entirely impossible.

I can only say, Lord Elgin, that looking round the table and seeing the other members of the Government, we may, perhaps yet, get from them a still

more sympathetic treatment of the case as we have presented it. I have no doubt that you, Lord Elgin, with your intimate association with the Colonial Office and, your knowledge of the fact that it is not in any way whatsoever a matter of "squalid bonds" that makes us urge this question, but an ardent desire to do something whereby you will link up in the future more strongly the bonds that bind together the different portions of the Empire. With your knowledge and intimate association with the Colonies, perhaps you will be able to treat us in a more sympathetic manner than the Chancellor of the Exchequer found himself able to do this morning; because this is absolutely certain, that you have now in the British Colonies large numbers of people who either were born in Great Britain or who have had intimate associations with Great Britain, but as your Colonies increase in size, as your population increases more and more, there will be vast numbers of those people who cannot have the old attachment and the old sympathy with the Mother Country that existing colonists have, and I feel convinced that in the distant future, if something is not done to unite more strongly than by mere sentiment the bonds of Empire, the result may be such as many of us here would not at all wish to contemplate.

Now, I think, Lord Elgin, I would perhaps be in order in referring as well to the speech of the representative of India as to that of the Chancellor of the Exchequer. I followed very carefully the speech of Sir James Mackay, representing India, and I was really surprised when he said he regretted to say the Government of India was at variance with the views expressed by the majority of the other representatives of the outlying portions of the Empire.

Mr. DEAKIN: The self-governing portions.

Dr. SMARTT: The self-governing portions of the Empire; and were he here at the present moment I would have liked to have had the opportunity of asking him the question whether, although that may be the view of the Government of India, is it the view of the majority of Anglo-Indians?—and is it the view of the majority of the Indian people? My advices tell me it is not the view of the majority of Anglo-Indians; and it is also not the view of the majority of the Indian people, but though the Indian representative said that, from the point of view of his Government, he was entirely at variance with the arguments put forward by the representatives of the self-governing Colonies, he still, in the close of his remarks, went on to show us that he was extremely in sympathy with some of our proposals because, while stating that preferential treatment would be disadvantagous to India, almost in the same breath he stated that it would be a great advantage to India if he could have some reduction on the duty upon tobacco—Indian tobacco being a specially low valued article as compared with higher valued articles from other countries; and he finished up his remarks by saying that he hoped that whatever advantages the self-governing portions of the Empire gave to Great Britain, they would give those advantages to India. I think I am quite right in thus interpreting what he said; and really we might reply that, while we would be only too delighted to do so, surely we must say that there must be some recognition on the part of India in the way of reciprocating the advantages which he is desirous that we should give to that important portion of the Empire.

Now, Lord Elgin, the Chancellor of the Exchequer stated in his opening remarks that Imperial unity cannot be furthered by ignoring local conditions and local sentiment. With that statement I think every member of this Conference agrees, but my contention is that there appears, on the part of the Chancellor, a tendency to ignore local conditions and local sentiment; and it is because we consider that the local conditions are of such a character

and that the local sentiment is so strong that we do think we have a right to appeal to the Imperial Government, and expect that, while not departing from their fixed policy of Free Trade, they will be prepared with some means to meet us on those articles on which they have already a tariff, without asking them to go so far as to put up a tariff upon articles which, at the present moment, are practically subject to no tariff whatsoever.

I was surprised when, as an example, Mr. Asquith gave us his historical *resumé* of the reason of our loss of the American colonies; because really the position is so different from what we are asking for. The reason of the loss of the American Colonies was that Great Britain desired to force her tariff in the interests of her manufactures, without any reciprocal advantages whatsoever; but that is not what we ask for. What we ask for is that there should be some mutual understanding, that there should be some mutual consideration; and I do think that we have a right to expect, at the hands of the Imperial Government, that they will earnestly try and meet us, and reason with us, and see if there is no way whatsoever in which they can meet a sentiment which is very strongly existent throughout the length and breadth of the Empire.

When Mr. Asquith, in his able address, stated that he felt convinced that if this question of Free Trade as against Protection was to be laid before the House of Commons the vote would be two to one or three to one against any alteration of the principle. We do not ask the Imperial Government in any way to alter principles to which they are pledged, and which are their conscientious convictions, but I do make bold to say this, Lord Elgin, that if Mr. Asquith would go to the House of Commons, and, while retaining the doctrine of Free Trade, would plead as strongly the possibilities of meeting us in some way, as he has pleaded hard in the opposite direction, the majority might be entirely different. Because I hold before me at the present moment a Bill dealing with the tobacco industry in Ireland, and it was news to me, and I have no doubt it was news to many people in Great Britain, that the laws of this country are of such a character as to make it absolutely prohibitory to grow tobacco, which could be made a very profitable industry in Ireland. That really brings me back to the fact that although things may have been very good 60 years ago, really there comes a period of time when it is worth while considering whether they should not be altered.

Now with regard to the tobacco: I am perfectly certain that Ireland would accept it. You are now introducing a Bill withdrawing the restrictions in Ireland when the Excise Department have made proper arrangements for collecting the excise; and surely a reduction in the duty on tobacco might be accepted by the Imperial Government and by the House of Commons. I believe at the present moment there are arrangements whereby the Imperial Government have committed themselves to the principles of preference in connection with tobacco that is grown in Ireland; and I should like Mr. Lloyd George to tell me if I am incorrect, although it may be stated by the Chancellor that it is grown for experimental purposes; and whereas the excise upon ordinary tobacco coming into England is 3*s*. a lb., the excise upon this tobacco is 2*s*. a lb., making thereby a differentiation in favour of the Irish article, even although you may meet any argument by stating that it is only for experimental purposes. Surely it would be very welcome to the Irish members, who are strong supporters of the Government, as also to the Colonies and India. That will at once reduce by 80 the majority which Mr. Asquith said would be opposed to any alteration of the tariff. Surely it would be advantageous to Ireland, which has great possibilities for growing tobacco; and surely it would be enormously advantageous to South Africa and to Australia if, instead of putting up the duties, you were to reduce those

duties to your own people who can grow tobacco within the British Empire. I hope, Lord Elgin, this is a question upon which you, and the other members of the Government, have not yet definitely made up your minds.

There is another matter (wine) that was referred to very fully by Dr. Jameson; and I really was surprised when the Chancellor of the Exchequer said, while Dr. Jameson was speaking yesterday, that no country had given a preferential tariff in so far as alcohol was concerned. I have before me here the reciprocal arrangement that has been entered into between South Africa under her Customs Union and the Commonwealth of Australia, and I find in that tariff, notwithstanding what has been said to the contrary, there is a differentiation made in favour of South African alcohol. That is, that although the Commonwealth of Australia are producers of alcohol themselves, having under our preferential Treaty protected alcohol for reciprocal considerations that have been given them by the Colony of the Cape of Good Hope, they are prepared to receive our alcohol at an advantage over that of foreign countries. With regard to our wine, my friend Sir Wilfrid Laurier will bear me out, that whereas wine entering Canada pays, I think, 1*s.* 0½*d.* a gallon up to 26 degrees of strength, plus 30 per cent. *ad valorem*, and wines exceeding 26 degrees but not exceeding 40 degrees are charged an additional duty of 1½*d.* a gallon for each degree, the whole *ad valorem* duty on Cape wines up to 40 degrees is rebated under the reciprocal arrangements we have with Canada in the case of that duty; and it is especially suitable to Cape Colony, many of our wines being of high alcoholic strength. We are relieved from the 30 per cent. *ad valorem* duty on the wines of over 26 per cent.; and our wines up to 40 per cent. are entirely relieved from the duty. That was the reciprocal arrangement entered into with Canada, and I believe Sir Wilfrid Laurier will agree with me that it is to the mutual benefit of South Africa and Canada, because we are not a wood-producing country, and surely if we require wood and lumber in South Africa, is it not better, is it not just, is it not right, that we should sacrifice something to buy that lumber from another portion of the British Dominions rather than buy it from a foreign country—every increase in their trade assisting them in competing against Great Britain in securing their hold on the markets of the world?

Mr. LLOYD GEORGE: Would you extend that to wool?

Dr. SMARTT: What I would at once say with regard to that is that I am not prepared to bring the matter forward now. It is a matter to be fully considered by the British Government; and it is a matter to be fully considered by the British people—the whole position as to what reciprocal arrangements will be to our mutual advantage; but I do say that because you may not be prepared to bring that forward at the present moment in connection with wool or in connection with food, it should be no reason to prevent your considering it in connection with wine and tobacco; and perhaps in connection with sugar, on all of which you can reduce your duties, and in each case you will assist your fellow countrymen in the Dependencies of Great Britain beyond the Seas. I might at once answer further to that, that, as Sir William Lyne has pointed out, perhaps the 1*s.* duty upon corn did not in any way cost the consumer in England anything extra, and I will call as a witness, in favour of that, the representative of India, who told us that notwithstanding the surtax upon tea in Russia, the Indian people continued to send increasing quantities to Russia. What was the reason? That the Indian people had to reduce their prices to meet the conditions which existed, and the consumer in Russia was paying nothing extra whatsoever for the tea—otherwise they could not possibly have materially

increased the amount of their supplies to that country; and the same principles might apply to corn.

Now, the Chancellor of the Exchequer stated that Great Britain was retaining her predominance in the markets of the world, and he gave us figures to show that the imports and exports during the last 50 or 60 years (I did not take a note of his figures) had materially increased, and that the proportion of those imports and exports had practically remained upon the same basis. That is true. But have not the imports and the exports of other countries that, 50 years ago, had practically no manufactures at all, increased in a much greater proportion than the imports and exports of Great Britain? I think it only right, Lord Elgin, here, in the interest of British manufacturers as well as of the British Empire, to make a statement which can be substantiated by facts; viz., that we in the Colonies do not feel that Great Britain is retaining her predominance in manufacturing goods as she did in the past. At the present moment the Colony of the Cape of Good Hope, to secure their rolling stock and railway material from the manufacturers of Great Britain, is obliged to instruct her Agent-General to give 10 per cent. preference to the manufacturers within the Empire; and I ask you, Lord Elgin, or I ask anybody if that is not an advantage to the British manufacturers, and if it is also not an advantage to the British workman who turns out the things which the manufacturer supplies? Some short time ago, we ordered a million and a quarter pounds' worth of rolling stock. It may be a small order, but on that million and a quarter pounds' worth of rolling stock, we were prepared to back our opinions by paying 125,000*l.* extra to purchase it within Great Britain, and I say unhesitatingly, that had we refused to pay extra, that order would have gone to a Continental nation, and gone to a nation which was Britain's greatest trade rival. Surely we must acknowledge that every order of that sort that does go to a rival of Great Britain allows that country still further to protect her means of manufacture and allows her still further to improve her naval power and everything that appertains to assisting and protecting her trade.

There is another matter I might mention with regard to the predominance of British manufactures. I think if I were to go to Manchester and discuss matters with the Manchester print manufacturers, if they were honest they would recognise that during the last 10 or 15 years, owing to the admirable commercial and technical training that the German people are receiving, Manchester at the present moment has an enormous competitor, especially in her prints and things of that sort, owing to the magnificent commercial training that the workmen of Germany are receiving, and Germany is thus securing a great hold in these articles in the markets of the world and in the markets of the British Colonies; and were it not the case that in the Cape Colony we give 25 per cent. preference in our tariff on manufactures of that character, Germany would more and more supplant Manchester in supplying those goods which are so largely used by the people of the country and form one of the great staples of dress of the native population. I see that Mr. Lloyd George perhaps does not agree with me.

Mr. LLOYD GEORGE: No.

Dr. SMARTT: Well, I know that if you would get a return of the amount of print and art things of that sort that are entering the Cape Colony, you would be surprised to find how, by degrees, Germany is securing a market which was formerly held by British manufacturers.

Mr. LLOYD GEORGE: Cotton fabrics?

Dr. SMARTT: Prints especially, those cheap designs of prints with colouring and everything of that sort. The Chancellor of the Exchequer has said, and to be sure it is very depressing to us to hear it, that the people of this country for three years have had the case of preferential tariffs put before them in the most admirable manner, but nevertheless they had unmistakably and unalterably made up their minds. I am very sorry to hear it. Personally I do not believe that it really and truly describes the situation, because I think anybody who looks round here will acknowledge that there is a very strong undercurrent among the people of Great Britain in the direction of recognising that tariffs must be treated scientifically like everything else, and that there are periods of time when you must revise everything you have done in the past, and see what is necessary to be done in the future, and I hope that that is the spirit in which the present Government will look into the whole situation.

With regard to the statements which have been made as to the amount of Colonial goods, especially raw products, going to foreign countries, I must say, Lord Elgin, that I cannot view that with the same equanimity with which the representative of India or the Chancellor of the Exchequer viewed it, because what does it mean? The Chancellor of the Exchequer referred to the wealth of London; he referred to London being the clearing-house of the world, but surely your returns show that London's pre-eminence is day by day and year by year becoming undermined. Surely anybody that has any knowledge of the wool industry in the Dependencies knows that, year by year and day by day, that industry which formerly ramified in London is gradually leaving the London market, and is being sold direct on the various markets of Europe. You may say that is necessary, that it reduces the cost of the raw material, but surely when Sir James Mackay and the Chancellor say that the countries that are supplying these articles are still getting more largely goods from the foreign countries in payment, I would say at once, would it not be better if by some mutual understanding we should see that that wool is worked by the looms of Bradford, and that the goods made from that wool are sent to the Colonies from the looms of Bradford, and not sent to the Colonies from German or other manufactories? This is the reason why we desire to ask you fully to consider this question, because there is no doubt that in the Colonies we see day by day that we are receiving more foreign supplies, and it is because those of us especially who feel the deepest sentiments of attachment to the Empire realise that without preferential trade it will be impossible to prevent that drift of trade which is taking place that we so strongly urge the Imperial Government carefully, dispassionately, and absolutely disassociated from political considerations, to reconsider the whole situation.

With regard to food: I can thoroughly understand the feeling of a large section of the people of Great Britain who hesitate to do anything that might be said to increase the cost of living, but have the Government of Great Britain, or have the people of Great Britain ever considered what their position would be in the case of a great European war? We are always told that while the Navy holds the seas England will be able to feed herself; but supposing you had a great European war, and you had a combination of great wheat-producing countries against you, and by your policy you refused to encourage Canada, Australia, and other portions of the Empire—with their enormous resources—the command of the seas would be useless if the countries who grow wheat were banded against you and would not ship that wheat to feed your starving population. Surely that is worthy of consideration on the part of an Empire whose existence in a period of war depends on being able to feed her people.

Mr. WINSTON CHURCHILL: You have suggested rather a curious alliance.

Dr. SMARTT: Mr. Winston Churchill suggests it would be rather a curious alliance. We have seen extraordinary alliances; and I say that for the safety of a great Empire like Great Britain and her Dependencies, we have no right to take any chance in the matter, however small that chance may be. Nobody would take a chance of that character in his ordinary business matters; he would insure his goods to the fullest extent and I do not think, although the contingencies may be very far distant, we have any right whatsoever to take a chance of that sort.

Now, Lord Elgin, I feel I have really taken up perhaps too long the time of the Conference, but I am only mentioning these things because I feel them very acutely. I should like to assure you, Sir, and I believe I speak the views of everybody in this room, that we have no political considerations in any way whatsoever, as between the two great parties in this country; we only consider that it is our duty to urge upon the people of Great Britain the advisability of considering whether there is not some small way in which they can meet what in the Colonies is considered to be a matter of vital importance to the future well-being of the Empire.

Mr. LLOYD GEORGE: I suggest, Lord Elgin, that now we might adjourn because I should like, before I say anything, to hear from Mr. Deakin what his view is about the treaties. I cannot deal with that now, and I think it is so much better, as Sir Wilfrid Laurier has suggested, to deal with the whole thing at once. It would be an advantage to me if Mr. Deakin were able to put that point before I reply.

Mr. DEAKIN: Certainly.

Mr. LLOYD GEORGE: I know he is not prepared this afternoon.

Mr. DEAKIN: I had no expectation that this would come forward, and have not the papers with me.

Dr. SMARTT: As the figures were quoted, I wish to put the case of the Cape as fairly as possible with regard to the condition of the wine industry. Previous to the Cobden Treaty of 1860, I think we sent over 800,000 gallons of wine to Great Britain. When Mr. Cobden went to France with a view to getting a market for certain British manufactures a reciprocal understanding was arrived at whereby France reduced her duties upon certain manufactures and we were then so desirous of appearing not to ask for advantages for ourselves, that we said they must be reduced to the whole of the world, we being the only people who benefited by them. Great Britain, on her part, reduced considerably her duty upon silk; and at one sweep of the pen reduced her duties upon French wine (which were 5*s.* 6*d.* at that time) by 2*s.* 9*d.* per gallon. From that moment the wine industry in the Cape, which under preference was becoming a very profitable industry and by this time would have been an enormous industry, was absolutely strangled owing to the fact that many of the French wines were of slight alcoholic strength, and they absolutely at once took possession of the market. At the present moment our wine exports to Great Britain I do not think are more than 5,000*l.* or 8,000*l.* a year. Surely that is a case in which Australia and the Cape could be met by the British Government as sympathetically as Canada has done on the question?

Sir WILFRID LAURIER: Shall we take up the treaty question on Monday morning?

CHAIRMAN: I understood the Chancellor of the Exchequer would prefer to have Tuesday, but if you will allow me I will communicate with him and fix either Monday or Tuesday.

Sir WILFRID LAURIER: If you could take up this question on Monday it would be preferable, I think.

CHAIRMAN: I proposed that we should take naturalization and other subjects on Monday.

Mr. LLOYD GEORGE: It must either be Monday or Wednesday for me. Have you enough to go on with on the Monday?

CHAIRMAN: It has been suggested once or twice in the course of the discussion that we should have a publication of this debate, and I have to say that, so far as we are concerned, we have no objection, if the Colonial representatives have not, and, of course, the interval will probably allow this to be in your hands.

Mr. WINSTON CHURCHILL: It is not proposed to publish until the debates are complete.

Mr. LLOYD GEORGE: I wish it to be distinctly understood that the whole of the Government case has not been presented, although I am not vain enough to think that my argument is going to affect the thing at all.

IMPERIAL SURTAX ON FOREIGN IMPORTS.

Mr. DEAKIN: I was suggesting to the Chancellor of the Exchequer to-day that possibly before this debate concluded, as it is closely related although rather as a substitute than a development of our proposals, we should consider the proposition originally submitted by Mr. Hofmeyr, afterwards elaborated by Sir George Sydenham Clarke, and since more or less favourably criticised by different writers. The proposition is to impose 1 per cent. or some small duty of that sort all over the Empire, the proceeds of which should be devoted to Imperial purposes in each country in proportion to the sum raised. This may be looked at from several points of view, and if we are unable to obtain any possible preference, reciprocal or otherwise, from the British Government, might it not be worth while to look into this question? It would fulfil some of the ideas and aspirations expressed by the Chancellor of the Exchequer himself for unity of action in connection with improved means of communication, cables, steam services, and the like, because by this means the funds for that development could be provided without in the least degree affecting the fiscal policy of any of the countries concerned. It does not touch the fiscal question in any way, because the 1 per cent., or whatever was agreed upon, would be levied in connection not only with any existing tariff, but would still irrespective of any alteration of the tariff. I mean an extra 1 per cent. imposed on all foreign goods and distributed in proportion to the contributions made.

Dr. SMARTT: You put 1 per cent. upon everything.

Mr. DEAKIN: Yes, on everything. I might mention, in conclusion—I could not launch into a debate at this moment—that there is one further possibility—that if in the United Kingdom that proposal was not favoured

because it was regarded as perhaps a little difficult to collect so small a sum as 1 per cent. from a great variety of imports, it is perfectly possible for the Government and Parliament of the United Kingdom if they so prefer to provide their quota by a grant equivalent to the amount that would be raised by a duty of one per cent. if levied.

I want to put the fiscal question right out of consideration in this connection, and want to recognise the difference in the situation of the Mother Country, but if you are going to undertake Imperial purposes it must be done more or less by expenditure of what may be termed Imperial funds.

Mr. LLOYD GEORGE: It does not matter to the Colonies how we raise our contribution.

Mr. DEAKIN: Not the least.

Mr. LLOYD GEORGE: How we raise ours is entirely a matter for ourselves.

Mr. DEAKIN: That is what I am trying to point out. This is at least a possible and practical proposal for raising funds for the various purposes to which reference has been made. Otherwise you will cast us upon our resources, each of us going to our own Parliaments to propose, so far as we share in them some expenditure which would require to be made upon any new combined effort for a better steamship service, better cables, for the Suez Canal project—about which I long since communicated with the Imperial Government, and upon which my friend, Sir Joseph Ward, has made a bold proposition.

Wherever the funds have to be found, the question of finding them will be met in all the different parts in the same way, with the possible exception of the United Kingdom. If common action could be devised by which certain funds were raised and set apart, that would simplify Imperial action and make for unity.

Mr. LLOYD GEORGE: I do not think so; I do not think it would simplify it at all.

Sir WILFRID LAURIER: I would not be prepared to agree to that proposition of yours, Mr. Deakin, to levy a special duty for a special purpose. We have just fixed our tariff, and it has cost us months of very hard work. We have fixed our duty on the scale which we think most acceptable and most convenient to our people with the point of view of the revenue first of all and other expenses incidental to the revenue. Now I would not be prepared, as far as Canada is concerned, to levy either 1 per cent. or any sum at all above what we have done. If the view we entertain of having a better service between England and your country, Australia, through Canada, is to be viewed favourably, and I hope it will be, we should have to take our share of the burden, and we should be prepared to take a general share, but if in addition to the tariff which has cost us months of labour to prepare we were to add another 1 per cent. or any amount at all it might mean a considerable disturbance. Sir William Lyne, who is accustomed to frame tariffs, knows how difficult it is to adjust a tariff with regard to the exact amount the old tariff can bear or the exact amount it cannot bear and 1 or 2 per cent. sometimes gives rise to very serious discussion.

Sir WILLIAM LYNE: I thought this was only a proposal with regard to foreign goods.

Sir WILFRID LAURIER: It is an additional tariff, call it what you please. You propose to add 1 or 2 per cent., and I do not care what kind of goods it is. The goods are foreign on which you levy the duties, or if that is not so then you introduce another element of disturbance. What you propose, Mr. Deakin, is that in addition to the tariff which in Canada is levied on an industry which in Australia is also levied up, you should put another one per cent. From my experience that question of one per cent. more or less causes very serious debates in the preparation of the tariff and I would not be prepared to follow that course, as in my opinion it would upset all that we have in view in framing the tariff.

Sir JOSEPH WARD: I am inclined to think, Lord Elgin, that as the matter is a new one altogether to me, at least, that it had better be deferred.

Mr. DEAKIN: As we were deferring it I mentioned it now in order that when suggested again on the next occasion, it may be examined without further delay. The President of the Board of Trade could be heard to speak upon it.

Mr. LLOYD GEORGE: I would be prepared to speak to it, but I agree with Sir Wilfrid Laurier and Sir Joseph Ward that it is simply adding another complication to the one which is involved in the preferential proposal.

Mr. DEAKIN: This is a very complex Empire, and only complex means can deal with its needs.

Mr. LLOYD GEORGE: I think that very often the simplest proposals are those which deal most effectively with complicated situations.

Dr. JAMESON: I think it would be better to defer the discussion for the present.

Sir JOSEPH WARD: I should just like to say that at the first blush, I am inclined to think that this suggestion of a surtax is a mistake from the point of view of New Zealand. I am a supporter of Preference on certain articles as between our country and the Old Country. If there is any intermediate proposal of putting an all-round surtax upon all foreign goods into the Old Country as well as into our countries that is going to divert the more material one from the point of view in which I regard it in trying to bring about in the future an interchange by way of Preference between Britain and her Colonies. It would mean in our country that all we would require to do in our Customs tariff next year would be that instead of saying we had, say, an increase of 10 per cent. against foreign goods, which we have now to some extent upon some articles, it would mean making it 11 or 12½ per cent. I do not think that is the best way, and my belief is that it is far better for us by steamship and mail subsidies and reducing the cost of our cabling to try to bring about improved conditions which will be generally beneficial. I do not like to commit myself to the idea of Mr. Hofmeyr's suggestion—I have not read it myself—of a surtax. I think it better to work for preference upon certain articles between the old country and our countries.

Dr. SMARTT: You could ear-mark one per cent. of your preferential tariff for Imperial purposes.

Sir JOSEPH WARD: What occurs to me is that if ever we get preference established it will be on three or four articles at first, and, if we had an overriding surtax I am afraid it would give grounds for those opposed to it to say: "As you have a surtax you do not want preference."

Adjourned to Monday next at 10.30 o'clock.

ELEVENTH DAY.

HELD AT THE COLONIAL OFFICE, DOWNING STREET,
MONDAY, 6TH MAY 1907.

PRESENT:

The Right Honourable THE EARL OF ELGIN, K.G., Secretary of State for the Colonies (President).

The Right Honourable Sir WILFRID LAURIER, G.C.M.G., Prime Minister of Canada.

The Honourable Sir F. W. BORDEN, K.C.M.G., Minister of Militia and Defence (Canada).

The Honourable L. P. BRODEUR, Minister of Marine and Fisheries (Canada).

The Honourable ALFRED DEAKIN, Prime Minister of the Commonwealth of Australia.

The Honourable Sir JOSEPH WARD, K.C.M.G., Prime Minister of New Zealand.

The Honourable L. S. JAMESON, C.B., Prime Minister of Cape Colony.

The Honourable Dr. SMARTT, Commissioner of Public Works (Cape Colony).

The Honourable F. R. MOOR, Prime Minister of Natal.

General The Honourable LOUIS BOTHA, Prime Minister of the Transvaal.

The Right Honourable WINSTON S. CHURCHILL, M.P., Parliamentary Under Secretary of State for the Colonies.

Sir FRANCIS HOPWOOD, K.C.B., K.C.M.G., Permanent Under Secretary of State for the Colonies.

Sir J. L. MACKAY, G.C.M.G., K.C.I.E., on behalf of the India Office.

Mr. H. W. JUST, C.B., C.M.G., }
Mr. G. W. JOHNSON, C.M.G., } *Joint Secretaries.*

Mr. W. A. ROBINSON,
Assistant Secretary.

ALSO PRESENT:

The Right Honourable H. H. ASQUITH, M.P., Chancellor of the Exchequer.

The Right Honourable D. LLOYD GEORGE, M.P., President of the Board of Trade.

Mr. W. RUNCIMAN, M.P., Financial Secretary to the Treasury.

Eleventh Day
6 May 1907.

Mr. H. E. KEARLEY, M.P., Parliamentary Secretary to the Board of Trade.

Mr. H. LLEWELLYN SMITH, C.B., Permanent Secretary to the Board of Trade.

Mr. A. WILSON FOX, C.B., Comptroller-General of the Commercial, Statistical, and Labour Departments of the Board of Trade.

Mr. G. J. STANLEY, C.M.G., of the Board of Trade.

PREFERENTIAL TRADE.

CHAIRMAN: I think when we broke off at our last meeting, Mr. Lloyd George was going to address the Conference.

Dr. JAMESON: Before Mr. Lloyd George says what I presume will be the final word on the subject of Preferential Trade, might I be permitted still to say a few words. I feel bound, as I said the other day, to do my utmost on this subject, because of what the Cape embodied in the second Resolution which is brought forward, which, as I explained the other day, of course is no possible threat, but merely a warning. I daresay the members of the Conference have seen in the papers telegrams from South Africa during the last few days showing that while we were discussing this question in this room, the most able statesman we have in South Africa at present was also speaking at that hour in South Africa on this subject and emphasising very strongly what I have tried to put here, namely, that reciprocity was an absolute necessity if the existing preference in South Africa, at all events, was likely to be continued. Feeling that, my Lord, I felt that I must make a very last effort in order not to get really a definite answer, which, after Mr. Asquith's speech of course we know we cannot get; but if I could even get an expression, not of opinion, but an expression from the Imperial Government that they would be willing to consider us in these difficulties—if I could get that, I feel that possibly I may have done something. I am looking forward from Mr. Lloyd George, perhaps, to getting a somewhat more sympathetic answer than from the able, clear, and decisive refusal which we have had from the Chancellor of the Exchequer. When we were asked in the Colonies by the Secretary of State for the Colonies to frame resolutions that we wanted to bring before the Conference I sat down to frame resolutions on this question of preference, and I thought of several; in fact there were four lines on which I formed resolutions; one a very strong one, and so on, getting down to the smallest. I thought perhaps it would be much better merely to send in general resolutions: first, the confirmation of the Resolutions of 1902; and, secondly, the slight warning on the want of reciprocity, and until I heard the discussion here to see what practically we might get, however small, so as not to ask for something too small if we were going to get something bigger. Therefore it is that I would like now, having heard the full discussion on this subject, to move a further resolution which I now read: "That while affirming the Resolution of 1902 "this Conference is of opinion that as the British Government through the "South African Customs Union, which comprises the Basutoland and "Bechuanaland Protectorates, do at present allow a preference against foreign "countries to the United Kingdom, Canada, Australia, New Zealand, and all "other British possessions granting such reciprocity, His Majesty's Govern-"ment should now take into consideration the possibility of granting a like "preference to all portions of the Empire on the present dutiable articles in "the British Tariff."

I move that resolution, Lord Elgin, and in doing so I would like to emphasise the mildness of it. I am not asking His Majesty's Government to commit itself to anything except to consider the possibility of carrying into effect the object of the resolution.

Mr. DEAKIN: In fact, all that you propose here is the granting of a like preference. Of course, the preference granted in South Africa was a preference by reduction of duties, not by increase of duties.

Dr. JAMESON: Undoubtedly.

Mr. DEAKIN: Consequently, this Resolution is, when explained, narrower than might be supposed. It relates only to preference by reduction. Is that your intention?

Dr. JAMESON: That is our intention.

Mr. DEAKIN: Under these circumstances, to take into consideration a proposal is something a Government does very frequently in the course of its life, and to take into consideration the possibility of granting preference, which amounts to a preference only by reduction, is surely something to which no objection can be taken. I hope the consideration will be favourable, or as favourable as the members of the Government can give it.

Sir WILFRID LAURIER: I think, Dr. Jameson, that might be postponed. Put it on the table and postpone it until we come to the main Resolution.

Dr. JAMESON: I am quite pleased to do that, but I merely wished to get it in before Mr. Lloyd George answered.

CHAIRMAN: Nobody has moved anything yet?

Dr. JAMESON: No.

Sir WILFRID LAURIER: But it is a notice of motion.

Mr. LLOYD GEORGE: Lord Elgin and Gentlemen,—Dr. Jameson has not only raised a fresh issue, but he has presented it in quite a new form to the consideration of His Majesty's Government. But still I am afraid it is really presenting the same question to us in substance and in fact, and I think it is very important when we come to discuss matters of this kind that we should be perfectly frank with each other, and the only way in which we can help each other is by recognising freely each other's difficulties and the position in which we are respectively placed in reference to those who have commissioned us to attend this Conference. Of course, I would not object personally—and I am sure His Majesty's Government would not object—to take into consideration any suggestion that came from a responsible Minister like Dr. Jameson, who represents an important Colony of the Empire. But it

would not be fair for me not to state that in my judgment that consideration would not be likely to induce us to change our fundamental policy with regard to preference. We cannot. We are not in a position to pledge ourselves to anything which will involve the setting up of a tariff on food stuffs and raw material in this country. If Dr. Jameson means something short of that, something that would not pledge us to that, then I am perfectly certain His Majesty's Government would be willing to consider anything which would help the trade between the United Kingdom and the Colonies. But he has not informed me more explicitly on the subject.

Dr. JAMESON: May I interrupt you for a moment? I want this passed as it stands. I do not want His Majesty's Government at the present moment to pledge itself to change its policy with regard to "setting up a tariff," which were the words you used.

Mr. LLOYD GEORGE: That is it.

Dr. JAMESON: I merely want to limit this to what it contains. There is nothing behind it except, of course, there is behind it that we who believe in the whole question of preference believe, in the future, apart from governments or anything else, that this policy will prevail. In the meanwhile, all I want His Majesty's Government to do is, as stated in this resolution, to consider the possibility of this small preference or rebate on these duties.

Mr. LLOYD GEORGE: Would Dr. Jameson mind explaining to me—I must not pretend to know when I do not exactly know—what happens in Basutoland and Bechuanaland? What is the precedent to which he refers? How does it actually work?

Dr. JAMESON: The position is, that the States in South Africa have joined in a customs union. They have passed certain tariffs with a certain preference to the United Kingdom and to every portion of the Empire.

Mr. LLOYD GEORGE: And a very substantial preference it is.

Dr. JAMESON: It is while they are given reciprocal privileges. His Majesty's Government, then absolutely governing and directing tariffs and everything else in the Basutoland and Bechuanaland Protectorates, approached the Customs Union of South Africa through the High Commissioner and asked to be included in it, adopting everything that had been passed at the Customs Conference.

Mr. LLOYD GEORGE: Does that mean that the Bechuanaland and Basutoland Governments make concessions on the basis of reciprocal advantages conceded by the Customs Union?

Dr. JAMESON: Yes.

Mr. LLOYD GEORGE: But they had a tariff already in existence.

Dr. JAMESON: I should think they had a tariff.

Mr. LLOYD GEORGE: All they did was to make certain abatements upon already existing rates of duties.

Dr. JAMESON: I do not know that there was a tariff really. As a matter of fact, at the time when Basutoland and Bechuanaland first joined in the Customs Union, they would be free while under the British Government, and there would be what was at that time called a transit due from whatever port it was up to their border. When the Customs Convention of 1903, which did not include anything beyond the three States, was passed, all those transit dues were abolished, and then His Majesty's Government asked that these Protectorates as you may call them, should be permitted to enter the Customs Union of South Africa.

Mr. LLOYD GEORGE: They are inside the Customs Union now?

Dr. JAMESON: Yes, at the present moment.

Mr. LLOYD GEORGE: And it is since they entered into the Customs Union that they, in common with the rest of South Africa, have made this concession to the Mother Country.

Dr. JAMESON: As soon as they were in, they adopted the tariff of the Customs Union, which gives them a tariff on which they can make these reductions and preferences to the United Kingdom and to all the other reciprocating Colonies; so they are actually following the conduct of South Africa at present in their tariff, and also in preference against foreign countries.

Mr. LLOYD GEORGE: Of course, but there is a tariff. That is the real difficulty, and it is no use ignoring it. That does involve setting up a tariff, if preference is to be given in that form. There is no doubt at all about it.

Sir JOSEPH WARD: Except that this particular proposal is not a suggestion that you should set up a tariff here; but I take it the proposal from this Resolution is to make a reduction upon the present articles in your own tariff which are dutiable. That is the difference.

Dr. JAMESON: I began by saying that this is not to set up a tariff.

Mr. LLOYD GEORGE: That, I think, is very important.

Dr. JAMESON: It is only to give some help to our trade, to our products coming over here as against the foreigner.

Mr. LLOYD GEORGE: As regards the duties already existing in this country?

Dr. JAMESON: Yes, only on the articles where a tariff does exist.

Mr. DEAKIN: It is only a prospect of getting that—a possibility.

Dr. JAMESON: Yes, a prospect.

Mr. LLOYD GEORGE: If I may, I will proceed. I regret that it should be necessary for me, not merely out of courtesy to Sir William Lyne and Dr. Smartt, but also from a full appreciation of the importance and the

weight of the arguments they addressed to the Conference on Thursday, to continue what I cannot help thinking for the practical purposes of this Conference, is, after all, a purely theoretical discussion as to the rival merits of Free Trade and Protection. I should have been very pleased to have left the matter as it was dealt with in the speech of the Chancellor of the Exchequer; but Sir William Lyne and Dr. Smartt have since made certain statements, quoted certain figures, and used certain arguments, which, having regard to the fact that this debate is to be published, the Government cannot permit to go altogether unanswered. I had hoped we might have frankly acknowledged the limitations imposed upon us by the convictions we respectively hold, and which those who send us here hold, on fiscal issues, and that we could have proceeded on that understanding to take counsel with each other in order to ascertain whether it is not possible to find other means of serving the object we have a common interest in—means which would not bring either or any of us into conflict with convictions or constituents. We are quite aware that the Colonies regard a tax on our goods as well as on foreign goods to be necessary, not merely for the purpose of raising revenue, but for the protection of their own industries.

Mr. DEAKIN: A "duty."

Mr. LLOYD GEORGE: A "duty" on our goods—I do not mind the word. I am prepared to substitute that word. Mr. Deakin informed us in his impressive speech that the last general election in the Australian Commonwealth was fought on the issue of preferential tariffs within the Empire. I believe that at that election Mr. Deakin also sought and secured a mandate for raising the protective duties now levied by the Commonwealth against the importation of goods in which Britain drives a very considerable trade with the Australian consumer at the present moment.

Sir WILFRID LAURIER: I do not understand from Mr. Deakin that the last issue in the Australian elections had been directed to the question of preference or no preference.

Mr. DEAKIN: Mr. Lloyd George has inverted the order. There are two issues; the first issue, as we put it, was Protection.

Mr. LLOYD GEORGE: A higher tariff.

Mr. DEAKIN: Yes, because without the tariff we do not get the opportunity of preference. We mentioned preference second in order of importance. In logical order we say Protection and preferential trade. You in your argument take them in the inverse order. There is nothing in that. Both issues were submitted. I have convincing evidence of that in the statement made by the Leader of the Opposition when the House met two months ago, after the elections, in which he expressly acknowledged that those two issues had been submitted to the country and decided beyond any doubt whatever, although that decision was adverse to himself.

Mr. LLOYD GEORGE: I accept Mr. Deakin's statement. I am building my argument on that basis. It was quite open for the representatives of the Imperial Government at this Conference to have ignored this mandate, and to have endeavoured to commit their colleagues sitting round this table to a policy to which we knew in advance they could not

possibly assent without being false to the trust reposed in them by their own people. For instance, we might have proposed a resolution in favour of Free Trade within the Empire, that is, the admission of British goods into Colonies on the same terms exactly as Colonial goods are permitted to enter our markets, free from toll or tariff. We might have repeated, in support of our resolution, arguments we have advanced on a thousand platforms already. We might have quoted the German Zollverein as an illustration of a case where Imperial Federation was effected, and an Empire consolidated, on the basis of absolute Free Trade within its own boundaries. Sir William Lyne, in his speech the other day, said that "all approve of the commercial union "of England, Scotland, and Ireland; of the consolidation of the United "States; the Federation of South Africa and of Australia." Then he went on to say: "What reason can be urged against the commercial union of the "whole Empire?" May I point out that in each and everyone of these cases the commercial union was based on the abolition of all tolls and tariffs between the States that entered into the union? We might have pressed similar proposals on the various States of the Empire, with an utter and a callous indifference to Colonial mandates and to the settled policy of the Colonial Statesmen.

Mr. DEAKIN: What would become of the revenue both of this country and of our own?

Mr. LLOYD GEORGE: I agree. We have taken that point into consideration.

Mr. DEAKIN: You would have no revenue.

Mr. LLOYD GEORGE: That is what I point out. Our Colonial friends would have been bound to reject our resolution,—to adapt words which have become the commonplaces of a press which is hostile to Free Trade, they would have refused to listen to the appeal of the Mother Country to be put on equal terms with her children. We might then even have said that the door had been slammed in the old Mother's face by her ungrateful progeny.

Mr. DEAKIN: If you are willing to give up your Customs revenue we might have something to propose.

Mr. LLOYD GEORGE: We have not taken that course. We have recognised the essential unfairness of ignoring those local conditions and exigencies which must be paramount in the minds of the statesmen who are responsible for the well-being of the population in the respective States of the Empire, and we have consequently not thought it just to put them in the predicament of appearing to deny to the country, for which we know they have such genuine regard, and on behalf of which experience has taught us they are ready to make such sacrifices—to deny to that country a boon which millions on this side of the water might regard as a perfectly reasonable one to ask of their kinsmen in distant lands. We are not here to endeavour to manœuvre each other into false positions, but to discharge the practical business of the Empire. We are in perfect accord as to the objects we would strive to promote. I agree, absolutely, with the eloquent words used by Mr. Deakin in stating what all our objects ought to be. We are in complete agreement with the Colonial Delegates in their belief that the attainment of this object would be assisted by any scheme or system which would develop

inter-Imperial trade, provided such a scheme did not inflict sacrifices on any individual community so great as to produce a sense of grievance with the conditions of Empire, so deep as to introduce elements of discontent and discord into the confederation, and thus imperil its efficacy and maybe its continued existence as an organisation. We heartily concur in the view which has been presented by the Colonial Ministers that the Empire would be a great gainer if much of the products now purchased from foreign countries could be produced and purchased within the Empire. In Britain, we have the greatest market in the world. We are the greatest purchasers of produce raised or manufactured outside our own boundaries. A very large proportion of this produce could very well be raised in the Colonies, and any reasonable and workable plan that would tend to increase the proportion of the produce which is bought by us from the Colonies, and by the Colonies from us and from each other, must necessarily enhance the resources of the Empire as a whole. A considerable part of the surplus population of the United Kingdom which now goes to foreign lands in search of a livelihood might then find it to its profit to pitch its tents somewhere under the Flag, and the Empire would gain in riches of material and of men. We agree with our Colonial comrades, that all this is worth concerted effort, even if that effort at the outset costs us something. The federation of free Commonwealths is worth making some sacrifice for. One never knows when its strength may be essential to the great cause of human freedom, and that is priceless.

I am not one of those who believe that the value of great ideals is to be assessed always by Board of Trade returns. In the main purpose, therefore, which has brought you and ourselves to this Conference, we agree. We differ only on ways and means. But that is a difference which in my opinion can be bridged over by men honestly seeking the same end in the same spirit. But the first essential condition of co-operation under such circumstances is to recognise frankly and tolerantly each other's point of view and above all to shun pressing methods of solution about which there is an irreconcilable difference of principle. Let us rather search out other devices wherein common action is attainable, although the proposals made may not, in the opinion of partisans of rival schemes, be the most efficacious that could be devised. We have made sacrifices to found and maintain this great commonwealth of nations known as the British Empire in the past; we are still making sacrifices to the same end in the present. We are prepared to face even greater sacrifices in the future, but we are convinced that to tax the food of the people is to cast an undue share of that sacrifice on the poorest and most helpless part of our population, and that a tax on raw material would fetter us in the severe conflict we are waging with the most skilful trade competitors with whom any nation has ever yet been confronted. That would be a sacrifice which would diminish our power for further sacrifice, and we doubt the wisdom of making it.

May I also point out that in the resolution submitted by Mr. Deakin you are asking us to do what no protectionist country in the world would think of doing; you are asking us to tax necessaries of either life or livelihood, which we cannot produce ourselves and of which you cannot for many a long year supply us with a sufficiency? And that is why we cannot see our way to agree to this particular method of drawing the Empire together which is contained in the resolution we are now discussing.

Mr. DEAKIN: Will you be good enough to take me as registering a formal objection whenever the word "tax" is used instead of "duty?" I tried to explain that duties are not always taxes.

Mr. LLOYD GEORGE: I do not wish to use words giving offence.

Mr. DEAKIN: They do not give offence, but they imply something which is not necessarily implied in our proposals for duties and certainly not implied in all of them.

Mr. LLOYD GEORGE: I will use the words you are most accustomed to here, but, as the Chancellor of the Exchequer points out, the word I use corresponds with the facts from our point of view.

Mr. DEAKIN: It may or may not apply.

Mr. LLOYD GEORGE: However, I do not want to use the word if I can possibly use another word to which common consent can be given.

Mr. DEAKIN: A duty is not necessarily a tax upon the consumer.

Mr. LLOYD GEORGE: But before I proceed to consider alternatives which have been suggested, I am sorry that I have to take a little time in referring to some figures which were used by Sir William Lyne, and some criticisms passed by, I think, Dr. Smartt, upon our present commercial position. I gather from these speeches, and I think also from Mr. Deakin's speech, that there is an opinion that our trade is on the down grade.

Mr. DEAKIN: No, only proportionately; the amount of British trade must be taken in proportion to the trade of other countries. Our idea is that if in any year or period you desire to measure the trade of a country, you look not only to the gross output of that country but to the general circumstances of commerce throughout the world and in reference to particular communities. You must measure your own commerce against the growth of commerce elsewhere, by the results in particular countries. It is only by those means that you can enable the figures of one year to be compared strictly with the figures of another year. A season of world-wide depression affects all figures, and if you look at your figures alone you might say British trade is falling off seriously, but when you look at the figures for the rest of the world you may find it is not so, and *vice versâ*.

Mr. LLOYD GEORGE: Then on the whole I gather that Mr. Deakin would direct his observations rather to our foreign trade.

Mr. DEAKIN: To its proportions to your own.

Mr. LLOYD GEORGE: And in comparison with our foreign competitors.

Mr. ASQUITH: The comparative rate of growth.

Mr. LLOYD GEORGE: The comparative rate of growth. Sir William Lyne is especially distressed about our condition, and if he had been here, I should have been very happy to try and cheer him up with a few figures.

Mr. DEAKIN: Unfortunately he is in Sheffield this morning.

Mr. LLOYD GEORGE: I am so anxious to reassure him on the subject, because I could see he was altogether very unhappy about it. I would take first of all the point Mr. Deakin has made now—our position in comparison with foreign countries.

Mr. F. R. MOOR: Are your comparisons proportionate or simply in volumes of trade?

Mr. LLOYD GEORGE: I am going to take both, for the simple reason, as Mr. Deakin pointed out—I wish he had pointed it out in advance to his colleague—that it is unfair to take either percentage or volume; you have to take both. Sir William Lyne simply took percentages, which may mean anything in the world. For instance, take our export of motors. Our exports of motors have gone up, I think, by nearly 200 per cent. in the last two years. I think the exports of France have only gone up by something like 30 or 40 per cent. Supposing I had merely said that, it would have been grossly misleading, because our exports have only gone up by a few hundred thousands, I believe, whereas France's exports have gone up by millions, so that if I had used simple percentages, it would have been grossly misleading and altogether unfair. It is fairer to give the actual figures, because any man can draw inferences himself as to percentages, whereas if you give percentages you do not know where you are; you have no idea what the figures are. I propose, therefore, to give the figures, and where I do not give the percentages it will be open to any gentleman to make out the percentages for himself. Let us take our three great trade competitors, which are France, Germany, and the United States of America. France has a population which is roughly about equal to our own, Germany has a population which exceeds ours by 50 per cent., and the United States of America have a population which is almost double ours. I think those figures with regard to population are very useful. The exports from the United Kingdom of manufactured articles per head of the population, taking the average of the years 1901–5 were 5*l*. 12*s*. 9*d*., whereas the corresponding figures for France, Germany, and the United States were 2*l*. 10*s*. 0*d*., 2*l*. 16*s*. 0*d*., and 1*l*. 6*s*. 0*d*. respectively. I propose now to take the figures for those three countries, and I will take the last 10 years. I agree it would be unfair simply to take one or two years, and pick out the year which suits me best, and compare it with another year which equally suits me. I think you ought to take the trade for a whole cycle and that is what I propose doing. Take the case of France. In 1895 the exports of manufactured articles from France amounted to 76,000,000*l*. I have not yet got the figures for 1906 with regard to France, but in 1905 they amounted to 110,000,000*l*. The export trade of France in manufactured goods has gone up by 34,000,000*l*., France being a very highly protected country. Take the United States of America, another very highly tariffed country. Their exports have gone up from 38,000,000*l*. to 127,000,000*l*. in 1905, that roughly being an increase of 90,000,000*l*. Coming to Germany, in 1895 their exports of manufactured goods amounted to 109,000,000*l*.

Mr. DEAKIN: Do you take 1896 to 1906, that makes 11 years in the last two cases?

Mr. LLOYD GEORGE: I think on the whole we had better stick to 1905, but I will take 1906 if you like in the last cases, I cannot get 1906 figures in the case of France. In 1905 the export of manufactured goods from Germany was 191,000,000*l*., that is an increase of 82,000,000*l*. Take the United Kingdom; in 1895 the export of manufactured goods, excluding ships, was 192,000,000*l*.; in the year 1905 it went up to 264,000,000*l*., that is an increase of 72,000,000*l*., but the increase in the last five years is more marked than that in the first five years. It is rather extraordinary that from about 1885 up to 1895, neither Germany, the United States of America, nor France, nor ourselves, made very much progress in the export of manufactured goods. I have here the figures from 1890 to 1895. They are not altogether

stationary, but there is no very distinct advance in the figures. Then, about 1895—and that is why I am taking that year—there is a sudden rise in the trade of all these countries. For the first five years following 1895 Germany on the whole lessened the distance between her trade and ours. She increased her exports of manufactures by 40,000,000*l.*, we only increased ours by 28,000,000*l.*, excluding the value of new ships, as to which we have no information prior to 1899. In the last five years Germany has increased her trade by 42,000,000*l.*, and we have increased our trade by 44,000,000*l.*, excluding ships. Including ships, the value of our exports of manufactured goods in 1906 amounted to 311,000,000*l.*, while the best estimate we can make as to the value of the German exports of manufactured goods in 1906 is 208,000,000*l.* It is only fair to state, however, that this estimate is based upon prices ruling during 1905, and that it may consequently be found, when official figures are available, to be somewhat below the mark.

Mr. DEAKIN: I do not wish to divert you from your argument in the least, but can you put your finger on the particular causes which seem to have operated between those two quinquennial periods—anything in the world's harvest or other circumstances which would account for the universal stoppage in the first, and then the general advance in the second?

Mr. LLOYD GEORGE: I wonder whether peace had something to do with it.

Mr. DEAKIN: Was not 1890 to 1895 peaceful? I think so.

Mr. LLOYD GEORGE: I really have not gone into that matter, and should not like to express a hasty opinion about it. I understand from Mr. Llewellyn Smith, who is the Permanent Secretary of the Department over which I preside, that there was a general depression throughout the world at that time, the cause of which I could not at present explain. But undoubtedly there have been good times since then. What I want to impress upon the Conference is this: that we have profited by those good times to a larger extent than any foreign country so far as foreign trade is concerned; and I am taking our three greatest trade rivals. It is really a remarkable fact. The United States has endless resources of raw material, to begin with, which we cannot compare with for a moment. We have, for instance, to get our iron ore from Spain, and Sweden, and the ends of the earth; the same is the case with our copper; and we have to get our raw cotton from thousands of miles across the sea; whereas the United States of America have got these things at their feet. We have to bring them all here and then start manufacturing, after paying for the carriage of the raw material.

Mr. DEAKIN: Very often railway carriage for a short distance is heavier than shipping carriage for a long distance. We have found that so.

Mr. LLOYD GEORGE: But take the case of Pittsburg; there is no carriage of raw materials there; they have their iron ore, coal, gas, and oil practically all in the same factory. There has never been anything like it in the whole history of the world, and yet in spite of that we beat the United States of America by more than 2 to 1.

Mr. DEAKIN: In iron?

Mr. LLOYD GEORGE: I will come to that. In the export of manufactured goods, we beat them by more than 2 to 1. Then Mr. Deakin asks me

about iron. Yes, in the finished product, machinery and ships, the product that employs not merely most labour, but the best kind of labour, the most highly paid labour, we have beaten the United States out of the market, and we do that in spite of the fact that they have all these products at their feet, and advantages that no other country in the world has got, and certainly not Britain.

We have not those great petroleum wells, we have not those great resources of natural gas which can be turned on to the works by pipes and enable two men to look after engines which would employ probably 100 men to look after here. In spite of that we have beaten the United States completely out of the field.

Mr. DEAKIN : Have you in iron ?

Mr. LLOYD GEORGE : Yes, in all the finished products—machinery. There is another fact which I wish to impress upon the Conference in that connection. The ingenuity of the United States in the matter of invention is certainly greater than ours. That has been explained to me by reason of the fact that they are forced to resort to labour-saving appliances which may not be necessary here. I frankly admit that in the United States of America, as in all new countries, labour is more expensive than it is in an old country like ours—and I am coming to the question of labour. Therefore they are forced to use all their ingenuity and mental resource for the purpose of finding out some means of saving labour.

Mr. DEAKIN : Their patent laws help them.

Mr. LLOYD GEORGE : No doubt, the patent laws of both America and Germany help them immensely. But although they have all this inventiveness, we beat them in the export of machinery ; and the same thing applies to Germany.

Dr. JAMESON : I think your words were "beaten out of the field." You do not mean that, surely. They have a market, and they are catching us up. It is quite true they are not catching us up so much, but they are not going back in their exports.

Mr. LLOYD GEORGE : I am very glad Dr. Jameson has called my attention to it. That really does not accurately represent what I wished to convey because I had already given the figures. They cannot be beaten out of the field because they were selling 127,000,000*l.* of manufactured goods in 1905, and Germany, at the same time, was selling 191,000,000*l.*, so I agree that the phrase is exaggerated in its form.

Dr. JAMESON : But my point is, we are in the position of a man with a large capital who expects a very much larger interest than a man with a small capital who expects a smaller interest. Surely, we are not getting such a very large interest for our capital. I do not mean money capital, but after having the markets of the world in our hands *quâ* capital, these younger States are coming in and getting a larger interest considering the capital in the form of the markets of the world—they are getting more than we are now.

Mr. LLOYD GEORGE : I am afraid I do not quite follow that. If Dr. Jameson means they are catching us up in actual fact——

Dr. JAMESON : Yes, I do.

Mr. LLOYD GEORGE: Then I have pointed out by the figures I have given, that during the last few years we have increased the distance between us and Germany, our most formidable competitor.

Dr. JAMESON: You do not quite understand my meaning. Before these people really got on to their legs, 3,000*l.* a year might be a bigger increase for us than even 7,000,000*l.* would be at present. That is my point.

Mr. LLOYD GEORGE: I agree, and that is why I object to the doctrine of percentages; and as for Germany and the United States of America and France getting on their legs, they have been on their legs pretty long. It is not because they are new countries and not fully developed; they are certainly developed up to their highest pitch, as far as manufacture is concerned, and as far as the conditions of the moment are concerned. Their mechanical appliances, and everything of that kind, are simply perfect, and I am not sure they are not better than ours from all I hear.

Dr. JAMESON: Yes, I believe they are.

Mr. LLOYD GEORGE: Therefore, it is not the case of infant countries just struggling to find means of establishing a business. The United States and Germany have established an enormous business, and, as far as the home market is concerned, it is a much bigger one than ours, because their population is more than three times as large as ours. Here you have these two great countries with an aggregate population of 140,000,000, ours being only a population of about 40,000,000, and we export very nearly as much of manufactured products to the world as both of those great rivals put together. Really, I do not think it can be said that we are altogether in this very distressful, wretched condition which so stirred Sir William Lyne's commiseration. We are doing rather well as far as our products are concerned, and before we proceed further it is much better that we should really get the facts and that we should be under no delusion upon this point.

Mr. DEAKIN: Will it fall into your argument presently to examine your British trade with your two great rivals, Germany and the United States?

Mr. LLOYD GEORGE: I have done so.

Mr. DEAKIN: Your trade with Germany, France, and the United States as compared with their trade to Great Britain—is that part of your argument yet to come?

Mr. LLOYD GEORGE: No, but I am willing to go into it.

Mr. DEAKIN: You have taken the collective trade with the world of each of those countries, measuring it with yours, perfectly fairly?

Mr. LLOYD GEORGE: Yes.

Mr. DEAKIN: Is it part of your argument to examine their trade with yourselves in the last few years, showing how far your trade has gone or gained in the German, French, and American markets?

Mr. LLOYD GEORGE: I can easily do so, and I am not afraid of the comparison.

Mr. DEAKIN: We are afraid of no comparison, I hope.

Mr. LLOYD GEORGE: Especially during the last few years our trade with Germany has grown considerably. Not merely our imports from, but our exports to Germany have grown.

Mr. DEAKIN: In manufactured goods?

Mr. LLOYD GEORGE: Yes. Not only that, but I may point out as regards manufactured goods, where our men are engaged in these industries they are paid higher wages than the Germans who produce the goods which they send us in return.

Mr. DEAKIN: I am very glad to hear that.

Mr. LLOYD GEORGE: I will take the case Dr. Smartt referred to, of cotton. We sell cotton yarn to Germany a good deal; they sell cheap goods to us—goods which it does not, on the whole, pay us to turn out; that is, it does not pay us on the whole to put our brains into them. I do not mean to say we have not mills and factories in this country that do produce goods of that sort, but we do not give our best thought to turning out this sort of stuff. In cotton we turn out the best stuff that the world produces, and that is how we maintain our superiority. Pardon this little bit of bragging.

Mr. DEAKIN: I can assure you it is very welcome. You are not bragging for yourselves only but for us.

Mr. LLOYD GEORGE: I thought you would naturally take a pride in that. I was sure you would. The Germans still sell us these cheap goods. You must not take these figures as final, but they sell us three or four millions of this cheap stuff which we find it better, on the whole, to buy from them than produce ourselves. We think it a much more profitable transaction. They buy from us cotton yarn. On the face of it it will be said: "You are selling them cotton yarn to enable them to compete with you in manufactures." What is the real state of things? The man in Lancashire who is engaged in producing the cotton yarn is paid more by at least 60 per cent. for his labour than the man who is engaged in Germany in producing the cotton goods which come here in return. We are paying more for our labour than they pay for theirs.

Mr. DEAKIN: Cheap labour for the cheaper product, dear labour for the dearer product.

Mr. LLOYD GEORGE: And that is the argument that has impressed the public in the interests of Free Trade. Our labour has given us the highest product, and, as Mr. Deakin points out, that means the market in the highest paid product. Dr. Smartt is quite right when he says Germany is pushing its trade in reference to cheaper goods, and I should not be surprised if they beat us in things of that sort, because we cannot find the labour that would enable us to turn them out. I should like to see the man in Lancashire who tried to turn out these cheap goods on the terms on which the German maker can turn his out, in, I think, Wurtemburg. He could not do it; there would be a general strike there.

Mr. DEAKIN: You do not think you can compete with them because of the cheapness of their labour cost in that particular line?

Mr. LLOYD GEORGE: I would not like to say we could not compete, because I have not gone into it. But I am not prepared to challenge Dr. Smartt on that point. I accept his statement with regard to it, and I think it is very likely. I remember when I was in the Argentine they were rather getting ahead of us in the cheaper and shoddier kind of stuff, but could not come near us in the better class of article; and in the long run I find that tells. I was in the Argentine it is true at a time of depression of trade between this country and the Republic; but I find in the long run that quality has told, and as the Argentine Republic has become richer and richer it has got the money to buy the better article, and our trade with the Argentine Republic is going up by percentages that would delight the chart of Sir William Lyne, if I could give them.

Mr. DEAKIN: Why should you not make both? You make the best article, and have the market for it. Very good. That is the best thing, if you have to choose. But why cannot you keep that and beat them in the cheaper kinds also?

Mr. LLOYD GEORGE: I am coming to cotton by and by; but it is very difficult to retain both, because the moment wages go up, of course, you are driven into the better class of trade by the price.

Mr. DEAKIN: I wanted to find out whether labour cost was the sole factor in making the distinction between your success in one and their capture of the other, or is it due to anything else?

Mr. LLOYD GEORGE: No, there are the profits. We can make a better profit out of the better article.

Mr. DEAKIN: Why not make both? Good profits on the dear and smaller profits on the cheap goods.

Mr. LLOYD GEORGE: As I point out, we have no reason to complain of our cotton market. I have been rather led away by the cross-examination of Mr. Deakin—not that I object to it for a moment; on the contrary, I am very glad he has put those questions, if I have been able to answer them satisfactorily, but I have been rather led into a subject that I did not mean to go into, that is, into our present position in reference to our great trade rivals.

Now, let me put another figure which will illustrate the position of things, I think, even better than the actual figures which I have given. I have given the amounts of our exports of manufactured goods; I should like now to give the exports of our manufactures per head of the population, because after all that is what counts. Eighty millions of people working 10 or 11 hours a day could turn out naturally more than 40 millions of people working eight, nine, or ten hours a day. You must take population into account as a factor. We are a smaller country than any of those countries. I am not sure how we compare in mileage with France, but we are certainly smaller than Germany.

Mr. DEAKIN: You are much smaller than France.

Mr. LLOYD GEORGE: I accept that statement from Mr. Deakin. For the moment I forgot. We are much smaller than Germany, and of course,

only one-thirtieth of the United States of America, and cannot therefore extend and increase our population as they can. Per head of the population, as I have already said, France exports about 2*l*. 10*s*. 0*d*. of manufactured goods. The position of Germany is only slightly better although she makes considerably more fuss about her manufactures than France does. She sells 2*l*. 16*s*. 0*d*. per head, although she resorts to all kinds of devices and schemes in the way of using her State railways to the very fullest, a matter which I am looking into at the present moment, and upon which I received a very valuable report only two days ago, which I shall be very glad to show the members of the Conference. I have to thank Mr. Law of the Foreign Office for having provided me with these materials. He wired for the report on Tuesday or Wednesday, and I had the whole of the information on Saturday from one of the ablest Consuls we have in the Empire, and very valuable information it is. It was after the statement made by Mr. Moor. We had heard something about the matter, and in fact I had sent two or three investigators over to Germany to look into it, and we are now getting the facts. There is no doubt that the Germans are using their State railways for subsidising their trade to the Levant by means of through rates, and probably they may capture the trade of the Levant; at least they will develop a great trade there. I am sure they will. They have very largely secured the trade of East Africa, and I think that is attributable to a very large extent to our own fault. We spent millions of money in constructing a railway in Uganda to open up the resources of a part of our Empire. Whether that was good policy or bad I think we ought to have finished it. It is no good opening up a country of that sort unless you bring it somewhere near a market. What we do is we just open up the country and we allow the Germans to capture the market. I think that is the most stupid and short-sighted policy that could possibly be entered upon. Luckily the present Government have not got that on their conscience.

Mr. DEAKIN: But the Uganda Railway is paying now.

Mr. LLOYD GEORGE: I should not think so.

CHAIRMAN: It is increasing very much.

Mr. DEAKIN: I thought it was paying its working expenses.

Dr. JAMESON: It is not paying.

Mr. LLOYD GEORGE: I do not think you have many first class passengers on the line.

Mr. WINSTON CHURCHILL: 90,000*l*. profit on its working expenses.

CHAIRMAN: It does not pay interest on the capital.

Mr. LLOYD GEORGE: No, nor its sinking fund. The Germans are extending their operations to South Africa.

Dr. JAMESON: And Australia, I understand, is now in contemplation.

Mr. LLOYD GEORGE: No, I think not. There is the line to the Levant, to German East Africa, and there is a third to somewhere, but not Australia.

Mr. DEAKIN: South America and the Argentine markets, perhaps.

Mr. LLOYD GEORGE: No, they have not done that.

Sir JOSEPH WARD: India and the Cape?

Mr. LLOYD GEORGE: No; I can let the Conference know later on. There is a third line, and I shall be able to supply the information.

I come to another point put by Mr. Deakin, who asked me about the trade with protected countries. When Mr. Chamberlain first raised the point, in the year 1903, the trade to protected countries had gone down very seriously. It is no use shutting our eyes to the fact that it was due, of course, to the imposition of tariffs against our goods. Tariffs had had their effect, and, as the Chancellor of the Exchequer said, we are the most formidable trade competitor, and the tariffs were very largely directed against us. Germany, France, and other countries wanted to build their industries within this wall of tariffs, and they undoubtedly managed to exclude our goods to a very large extent. I think Mr. Chamberlain was quite right in saying that our trade with protected countries had gone down. But there, again, there has been a turn since 1902, and our exports of manufactures, excluding ships, to the principal protected countries have gone up from 71,500,000*l.* in 1902 to about 90,000,000*l.* in 1906. May I point out that during the same years the trade with the Colonies has gone up from 94,000,000*l.* to 107,000,000*l.*?

Mr. DEAKIN: That is all the Colonies?

Mr. LLOYD GEORGE: That is all the Colonies. That is an increase of about 19,000,000*l.* in our trade with the principal protected countries, and an increase of 13,000,000*l.* in our exports to the Colonies. Adopting again the method of percentages, it is an increase of 26 per cent. in our trade with the principal protected countries and an increase of 14 per cent. in our trade with the Colonies.

Mr. F. R. MOOR: You do not compare populations there. What is the population of your Colonies against these protected countries?

Mr. DEAKIN: You are not comparing one with another.

Mr. LLOYD GEORGE: Not at all. I am not in the slightest degree trying to disparage the trade with the Colonies. I was answering the point put by Mr. Deakin, specifically how our trade with Germany, the United States of America, and France, and these protected countries was faring, and in answer I pointed out that there had been an increase of 26 per cent. in the last five years, and I also admitted that before that our trade with the principal protected countries had rather suffered from the high tariffs put up against it. This does not apply to our total exports, but to manufactured goods. No doubt if I had included coal the trade would have gone up considerably higher than even 26 per cent., because there has been a great increase in our export of coal.

Dr. JAMESON: The reason of that, you may take it, is the general increase in the wealth of the world.

Mr. LLOYD GEORGE: Yes, there is no delusion about it at all. The only point I make is this: that in this general increase in the wealth of the world, which has increased the volume of trade of the world, we have had a larger share than any other country as far as foreign trade is concerned. There is no doubt at all about that.

Dr. JAMESON: Because we began with a much larger amount to get a share on, I repeat again.

Mr. LLOYD GEORGE: Pardon me, I cannot accept that. We have had no advantages except the advantage which in my judgment a free fiscal system gives us—absolutely no more advantage. Germany has advantages over us which in many respects we do not possess. There she is in the centre of the most opulent consumers in the world, with the accumulated wealth of centuries; she is right in the centre and can run her trucks to any country in Europe; she needs no transhipment. What an element transhipment is, after all, when you come to trade! As Sir Wilfrid Laurier knows perfectly well, that is one of the difficulties of the trans-continental route to New Zealand. Germany is right in the centre of Europe, and can run truck loads to every country. We cannot do that. But in spite of that we have had a bigger share of the good things going, owing to the excellent trade of the world, than any country, and almost than any two of those countries put together.

Dr. JAMESON: And if you had not you would be in a hopeless condition at this stage, because you formerly had the whole of it practically speaking. In general terms we all know how difficult it is to divert trade from a particular country, and when diverted how difficult it is to get it back. The process of diverting is only going on naturally, slowly, because we had it all at the beginning. These people are in the process of diverting it, which is a slow uphill game.

Mr. LLOYD GEORGE: All that is very good in the abstract, but unfortunately facts are against it. Take any of those great countries—take any country you may name. Australia I shall have to come to by and by, because, I agree, something seems to be wrong in the trade between our country and Australia, and I should like to know something more about it. It is no use concealing that fact. I do not quite like the figures to which my attention has been drawn since I have been in this Conference. I think it is a matter which requires looking into. I think it is a great misfortune that there should be any drop in our trade with so important a market from our point of view, and I think there must be something wrong there. But take any other market in the trade.

Mr. F. R. MOOR: It is the only Colony which is not yet giving reciprocity.

Mr. LLOYD GEORGE: I am obliged to Mr. Moor for pointing that out to Mr. Deakin.

Mr. DEAKIN: He uses the wrong word. No Colony is getting reciprocity.

Mr. LLOYD GEORGE: Yes, they are getting reciprocity. You are giving us reciprocity. It was something which we started by giving. I am trying to answer now the point raised by Dr. Jameson. There is not a great market in the world in which we have not more than held our own in the last few years. I pointed out that there were markets where it looked at one time, as if Germany and the United States of America, our most formidable competitors, were rather gaining upon us—South America is a case in point.

Mr. DEAKIN: These totals you have given us show the published totals of excess of exports of the United Kingdom over those of Germany in 1891 to 1898 were 868,000,000*l.*; while in 1899 to 1906 they were down to 847,000,000*l.* In the same way as regards the United States our excess of exports over theirs in 1891 to 1898 was 697,000,000*l.*, but ——

Mr. LLOYD GEORGE: Which year do you take?

Mr. DEAKIN: Seven years as printed in this paper "Colonial Conference "1907. Miscellaneous statements as to British and foreign trade in continua- "tion of those laid before the Conference of 1902 by the Prime Minister of "New Zealand; revised and brought up to date at the request of the Prime "Minister of the Australian Commonwealth." You will find on page 2 a Table headed Germany and the United States, and for the period 1891 to 1898 the excess of exports of the United Kingdom over those of Germany was 868,000,000*l.*, and in the second period 847,000,000*l.* In the same period the excess of exports of the United Kingdom over those of the United States was 697,000,000*l.*, but it dropped to 493,000,000*l.* in the later period. Comparing the growth of the export trade it shows that the United Kingdom increased its trade in the second period over the first by 658,000,000*l.*; Germany hers by 679,000,000*l.*, and the United States by 863,000,000*l.*

Mr. LLOYD GEORGE: I will take if you like the very first figure you gave me, or any year you like. I do not care which, because I do not wish to take the responsibility of choosing the year.

Mr. DEAKIN: Take the period 1891 to 1898.

Mr. LLOYD GEORGE: In 1891 the exports of manufactured goods from Germany amounted to 102,000,000*l.*

Mr. DEAKIN: You give here seven years.

Mr. LLOYD GEORGE: Yes. In 1905, the exports came to 191,000,000*l.*—that is an increase of 89,000,000*l.*

Mr. DEAKIN: You gave that for these years.

Mr. LLOYD GEORGE: No, not 1891.

Mr. DEAKIN: I take the table circulated to us.

Mr. LLOYD GEORGE: In the year 1891 we sold 210,000,000*l.* of manufactured goods, excluding ships, and we have increased to 264,000,000*l.* in 1905, and to 311,000,000*l.* in 1906 including ships and parcel post.

Mr. DEAKIN: You are taking some other period then.

Mr. LLOYD GEORGE: No, the period you gave me—1891.

Mr. DEAKIN: This is not given in single years at all

Mr. LLOYD GEORGE: Your figures are the total German exports, including raw material.

Mr. DEAKIN: Yes, everything.

Mr. LLOYD GEORGE: I am taking manufactured goods. I should not be a bit surprised if Germany beats us in raw materials; she is a bigger country. She produces sugar; we cannot produce sugar here.

Mr. DEAKIN: You do not. Do not say you cannot.

Mr. LLOYD GEORGE: We do not think it worth our while because it employs such low priced labour. Sir William Lyne referred to a reduction in the number of agricultural labourers employed. That is very largely due to the fact that agricultural labour is the lowest priced in this country. You cannot get it. The agricultural labourer prefers to go into the town, where he gets much better pay and a better time altogether. It is most difficult to find agricultural labourers at any time. So difficult is it that we have had to import agricultural labourers from Ireland for harvest operations in this country, though, owing to the use of machinery, that has not been thought necessary in the last few years.

With regard to raw materials I do not know how we stand in comparison with Germany. I should not be a bit surprised if she beats us there. I am taking manufactured goods because they afford far and away the best test in my judgment of the present position of Great Britain and other countries. I have been drawn into a general argument upon questions I never thought of discussing.

Mr. DEAKIN: Then you were not making a statement from this table?

Mr. LLOYD GEORGE: I do not know anything about that table. I believe that is a Colonial Office table. I understand it is one of Sir Joseph Ward's returns.

Sir JOSEPH WARD: You may depend it is absolutely correct.

Mr. LLOYD GEORGE: I am sure it is.

Mr. DEAKIN: They are not Sir Joseph Ward's figures, but they are in the form of statistics which were laid before the Conference of 1902, but revised and brought up to date.

Mr. LLOYD GEORGE: I do not challenge them at all. No doubt the figures are absolutely correct. I am not impugning them at all; but I have not had time to examine them, so I do not know at all what their comparative effect is.

I should like to point out another thing, and it is this: When you come to the wages and hours of labour, and compare our wages and hours of labour with those obtaining in any protectionist country on the continent of Europe, this is the general effect. This is a comparison which has been made under the auspices of the late Government, and I am quoting from a document for which they are responsible. Mr. Chamberlain, I believe, was a member of the Government at the time this very document was issued; at any

rate, Mr. Balfour was. This is the conclusion they have come to after examining the wages sheets of the Continent and comparing them with ours. "We might, without great error, take the average for Germany as two-thirds, and for France three-fourths, of that which prevails in the United Kingdom." That is the result. That was in 1902. I have much later figures than that, and I have here a table of the current rates for certain skilled occupations in the United Kingdom, Germany, and France. In the United States of America the rate of wages is higher than on the continent of Europe, but that is for reasons which, in my judgment, have nothing to do with the fiscal question.

Dr. JAMESON: Is the argument that the rate of wages is lower in a tariff country because of the tariff, because that is contradicted by the United States?

Mr. LLOYD GEORGE: I am not putting that argument at all, but that we are not suffering by our Free Trade system, and on the contrary have more than held our own in all the essentials of trade—in volume, in profit, in the pickings which not merely the producer and the manufacturer, but the merchant and the workman, derive out of the system. We compare favourably with every other country on the continent of Europe.

Sir JAMES MACKAY: And there is the shipowner's profit.

Mr. LLOYD GEORGE: I have not forgotten him. I am coming to that, which is our greatest pride. I have these later returns. You must have some sort of standard figure, and I used the United Kingdom as 100. Take compositors to begin with: for every 100*s.* paid here in London you get in Berlin 72*s.* paid for the same work. Lithographic printers, for every 100*s.* paid here get 67*s.* in Berlin. Cabinet makers, for every 100*s.* paid here get 87*s.* in Berlin, and in all other towns in Germany 74*s.* I have got 15 trades here, and if you take all those trades put together you will find that for every 100*s.* paid here you will get 83*s.* paid in Berlin for the same job.

Mr. F. R. MOOR: Why are you quoting those figures? What is the relative purchasing power of the shilling in Germany and over here? Probably it is better living in Germany than in this country.

Mr. LLOYD GEORGE: I am obliged to Mr. Moor for reminding me of that, because that is one of our strongest arguments. It is not merely that our workmen are paid higher wages, but their sovereign goes much further than the corresponding coin in Germany—much further. I shall be able to quote figures to show the reason why. Those figures are very relevant to the proposition which is now before the Conference. Our wages are higher; our hours of labour are shorter even than in the United States of America. In a comparison between the United Kingdom, the United States of America, France, and Germany; Germany, I think, comes out worst; France comes out next, the United States of America next, and the United Kingdom is best.

Mr. DEAKIN: Are you still including only manufactured goods?

Mr. LLOYD GEORGE: Yes. I am not referring now to the agricultural labourer working on the land.

Mr. DEAKIN: Nor to the miner.

Mr. LLOYD GEORGE: Yes, I certainly take the miner. The miner is better paid and his hours of labour are better.

Mr. DEAKIN: Better than in America?

Mr. LLOYD GEORGE: Not better than in the United States of America. I freely admit that wages in the United States of America are considerably higher than here.

Sir WILFRID LAURIER: In everything.

Mr. LLOYD GEORGE: Yes, substantially. I am perfectly certain they must be.

Mr. DEAKIN: That is why I asked. You mentioned the United States at the time.

Mr. LLOYD GEORGE: I mentioned the United States of America merely as to hours of labour. I freely admit that wages in the United States of America are much higher than here, and infinitely higher than in Germany, France, or any other country, but I am comparing our old country with another old country simply because the conditions are so different in a country like the United States. If the United States became a Free Trade country to-morrow, she might pay higher wages—I even think she would—but at any rate the money would go further.

Mr. Moor said: "What about your purchasing power?" and I agree that is the real test. Food is cheaper here than in any country in the world.

Mr. DEAKIN: The Old World.

Mr. LLOYD GEORGE: Yes, I ought to limit it to that perhaps. I can give the figures with regard to the price of wheat. I forget whether it was Dr. Smartt or Sir William Lyne who said that if you put your duty on corn, it will make no difference at all to the price.

Mr. F. R. MOOR: I think he quoted the 1*s.* you had here during the war, and argued that it made no difference. Whether that is a fact or not, I do not know.

Mr. LLOYD GEORGE: I should not be a bit surprised if it were the fact. At any rate, I have not gone into the matter. I will accept this from Sir William Lyne.

Mr. WINSTON CHURCHILL: That the 1*s.* duty made no difference?

Mr. LLOYD GEORGE: No, he said when the 1*s.* duty was put on, the price of wheat fell, and when it was taken off, the price of wheat went up. That is very likely, but that is due to the fluctuations of the market. What I wish to point out is the difference it makes as regards comparison with the markets of other countries. That is the real difference. There is a difference between 1901 and 1902 of 1*s.* 4*d.* in the price of wheat. There is a difference between 1898 and 1902 of 6*s.* in the price of wheat. Of course, that 1*s.* or 2*s.* will not bridge the difference between those two figures, but the difference

it would make will be seen for each particular year by comparing the market in our country with the market in any other country. Now, let us take Germany. I forget who said that the price of wheat in Germany had not been affected at all by the duty which had been imposed by the German Government on imported wheat. The gazette price of British wheat in the year 1902 was 28*s.* 1*d.*

Mr. F. R. MOOR: Is that per quarter?

Mr. LLOYD GEORGE: Yes. The gazetted price, the official average price of wheat in Prussia for the same year was 35*s.* 9*d.* That is, the price was higher in Germany by 7*s.* 8*d.* per quarter than it was here for that year, the amount of import duty in Germany being 7*s.* 7½*d.* Take France for the same year, the official average price in France for that year is 38*s.* 6*d.* per quarter. That is higher than the price in the United Kingdom by 10*s.* 5*d.*, the amount of import duty being 12*s.* 2*d.* We have been told repeatedly that 2*s.* on corn would make no difference at all. I take a year in Germany when the duty was only 2*s.*, and that really ought to operate as a warning to us. What we are more afraid of than merely a 1*s.* or 2*s.* duty on corn is that it will not stop there. A 2*s.* duty on corn would not help our agriculturists very much. They would soon realise that, and pressure would be brought to bear on the Government. I am certain no Liberal or Conservative standing for an agricultural constituency could face his constituents if once you started that system of putting up a tariff against all commodities that come into this country, unless he could pledge himself to raise that 2*s.* to 3*s.*, and 3*s.* to 4*s.*, and so on, until you would end at a figure which would enable them to grow wheat at a profit—which they cannot do now. The example of Germany is a case in point. Germany started in 1879 with the small import duty of 2*s.* 2*d.*, which is practically the proposal which is now made for the United Kingdom. She went on to 6*s.*, she went up to 10*s.*, then there was a drop to 7*s.*, and now they have gone back to a still higher figure. That is really what we are afraid of here. But take the last year when the duty was only about 2*s.*, and in that year I find the price of wheat in Germany was in excess of that in the United Kingdom by 2*s.*, the duty being 2*s.* 2*d.* So really, I do not think, having the experience of Germany and France in our minds, we can possibly say that the duty will not, somehow or other, be an element in the consideration of the price. Probably not to the same extent, because the fact that you would give a preference to the Colonies would in my judgment, I agree, affect the price, and would to a certain extent break down the price quoted for the wheat in the market, but after all you are not supplying enough for us by millions of bushels. I am not sure that I cannot say tens of millions of bushels—and you could not do it for years to come. After all you are dependent upon climatic conditions. In Canada, for instance, we had a great failure a short time ago, and we had to fall back on the Argentine, on India, on Egypt, and on Russia. Australia has, owing to drought failed to supply us with wheat. That is a very serious thing for our poor people; and that is what I want to press more than anything upon our Colonial friends. We are not refusing to meet you I can assure you. We are anxious in our hearts to do it, but we have here a poor population that you know nothing of. Here numbers of our poor people are steeped in poverty and we have to think of them. It would be wrong of us, it would be cruel of us, it would be wicked of us, if we did not do it. I am sure if you realise that it would mean 2*s.* more for people who are already short of shillings to buy the very necessaries of life, you would be the last people in the world to come and beg us to add to the troubles of this poor population of ours. That is really why we are hesitating.

Mr. DEAKIN: No one has begged you to do so yet. I have not heard it.

Mr. LLOYD GEORGE: Yes, that is the proposal as it has been presented to us—the proposal as presented to us by Mr. Chamberlain—and we are bound to take the Preferential suggestion in the form in which its great champion has presented it to us.

Mr. DEAKIN: Did he put it as a proposal?

Mr. LLOYD GEORGE: I say this, if it had not been for the great and distinguished position of Mr. Chamberlain, nobody would have dreamt of giving it serious consideration here for that reason. It is not because we would not consider anything that would bring our Colonies nearer to us or would help the Colonies, but because we refuse to contemplate the idea of making the food of these poor people more difficult to get.

Mr. DEAKIN: Did Mr. Chamberlain ever admit that any proposal he fathered was to raise the price of food?

Mr. LLOYD GEORGE: No.

Mr. DEAKIN: That is the point.

Mr. LLOYD GEORGE: No, but Mr. Chamberlain is much too astute an advocate ever to admit that.

Mr. DEAKIN: I understand you were referring to somebody who was begging you to increase the price of the food of these poor people, and as far as the outer dominions are concerned, am not aware that any such request has been made.

Mr. LLOYD GEORGE: I simply quoted figures to show that the effect of a 2*s.* duty on corn, was to add 2*s.* to the price of that commodity to the people who purchased it. This is not 2*s.* added to the price for the poor man who buys it almost in slices; it is 2*s.* added to the price of the merchants, who has got to get his profit upon that 2*s.* The inference I drew was that if it meant 2*s.* more in Germany, and 2*s.* more in France, the same cause would produce the same effect here, and it would mean 2*s.* more here as well.

Mr. DEAKIN: Subject to the free colonial competition for which you allow.

Mr. LLOYD GEORGE: I said that too. I have been absolutely fair. I did allow for it before I drew my inference, because I want to be absolutely fair. I do not want to exaggerate the case against the Colonies by one iota; on the contrary, I wish it were possible for us to do something to meet you on any lines which would lead to increased trade. I am only presenting to you really the difficulties which present themselves to our minds, and that is what you want to know when you come to consider a problem of this kind.

Dr. JAMESON: It is really again in two words, the difference between Preference and Protection. You have been arguing against Protection, and we quite agree it would affect the poor man. Sir Joseph Ward, at the very beginning of his argument upon this question, made the statement which we all endorse: "If this is going to increase the cost of living to the poor people

in this country, we do not ask it." Our opinion is, it will not increase the cost. We know we differ from you on that subject. Our proposal is "preference," which we say will be better for the poor men of this country. We have no business to urge an opinion against the poor men of this country. We have no idea of imposing any burden upon the poor men of this country.

Mr. LLOYD GEORGE: Of course, you have every right to present it to us, and we are doing our best to give it the most careful and the fairest consideration we can. I point out why we are alarmed, and genuinely alarmed at this proposal, from the point of view of our poor people.

Dr. JAMESON: But it seems to me your argument was not the 2*s*., but the risk you might take here, by following the example of Germany and raising it up to 5*l*., but surely nations must take risks occasionally.

Mr. LLOYD GEORGE: I put both points. First of all, I put the danger which undoubtedly we would incur from the temptation which has been found irresistible in France and Germany, the temptation to increase the duty. In France the duty started at 1*s*.; it is now 12*s*. In Germany it started at 2*s*. and it stood at 7*s*. 7*d*. in 1902, and has gone up, and I think it is now somewhere in the neighbourhood of 12*s*.. If these powerful governments have been unable to resist the clamour for increased duties for the protection of agriculture, why should we be able to resist it?

Mr. DEAKIN: Because your manufacturing constituencies send in such an immense majority over your agricultural districts and have such an immense majority of representatives to safeguard their interests.

Mr. LLOYD GEORGE: But take the case of Germany. I have not the figures and would not like to express an opinion at once, but I think you will find, that in Germany there is a similar state of things.

Dr. JAMESON: I think the answer is, you have enormous Colonial possessions which will keep down this price. You have put the time forward by years and years, but I am told by Canadian and Australian authorities, it is not a very long time before they will be able to supply the needs of the Empire.

Mr. LLOYD GEORGE: Asking you on your responsibility, how many years do you think it would take before the Colonies could supply us with the deficit of about 150,000,000 bushels of wheat which is now made up by foreign supplies?

Dr. JAMESON: I think I can leave that to the representatives concerned. It would best come from Mr. Deakin and Sir Wilfrid Laurier, and they have told me it would be very rapid. I think two years was mentioned.

Sir WILFRID LAURIER: Canada produces now 100,000,000, and we expect to reach a figure of 600,000,000. But I would not venture any prediction as to the time. That is very contingent.

Mr. DEAKIN: Then there are Australia and New Zealand.

Mr. LLOYD GEORGE: But we cannot make the poor men's bread contingent. A poor man cannot wait three years for his bread.

Mr. DEAKIN: Are you going to confine yourself to wheat? You take wheat as the typical food. You are not going to deal any further with food?

Mr. LLOYD GEORGE: I am not going to touch food again.

Mr. DEAKIN: Are you going to touch rent?

Mr. LLOYD GEORGE: In what way?

Mr. DEAKIN: You compare the cost of food in Germany. Is there a comparison of the cost of rent in Germany?

Mr. LLOYD GEORGE: That is exactly what I am making a study of at the present moment. I have three investigators in Germany who are looking into this question of rent, wages, and employment.

Mr. DEAKIN: Steadiness of employment is a very important factor.

Mr. LLOYD GEORGE: I am looking into this. I have no right to say what the opinions of my investigators are, but there are three absolutely impartial investigators, chosen for the express purpose of getting these facts; and some of these facts, I do not mind saying now, as to the growth of German prosperity, are very startling, and they will all be published without the slightest consideration as to whether they will affect the fiscal argument one way or the other.

Mr. DEAKIN: What you have said we understand so far as it asserts a high price of labour in Great Britain when compared with the Continent. Then, while alluding to your food, you draw attention to the fact that a large proportion of the population are steeped in poverty. They can not be engaged in the well-paid trades, but in some other business or want of business?

Mr. LLOYD GEORGE: That is a very important problem, and I am sorry to say that this is not the only country where you get a population of that kind. As you know perfectly well, in every old country you get these men who are hanging on the outskirts of society, as it were, and very often they have no regular work to do. It is often due to the fact that they have no physical stamina that enables them to enter into the conflict. In new countries like yours, first of all the men who emigrate there are men of some stamina before they cross the ocean; and stock counts in these matters.

Mr. DEAKIN: That is why we want a British stock all the time.

Mr. LLOYD GEORGE: I agree, and I should be very glad if emigration could be encouraged to these new countries, but here in the old countries you have these people who form almost a separate race, and they go on from generation to generation until they die out.

Mr. DEAKIN: Do they die out?

Mr. LLOYD GEORGE: They do in about the third or fourth generation in a city like this, but I am sorry to say that through economic conditions and the keenness of the conflict this great army of people is constantly being recruited.

Mr. DEAKIN: The "submerged tenth."

Mr. LLOYD GEORGE: The submerged tenth; but that is a question which has nothing to do either with Free Trade or Protection, because if you go to the highly protected countries in Europe you will find the churches swarming with men and women of this class, who go begging for alms. Therefore, it has nothing to do with fiscal considerations. I am sorry to take up so much of the time of the Conference.

Mr. DEAKIN: It is very interesting to all of us.

Mr. LLOYD GEORGE: I meant to have called attention to one or two other facts rather in reply to Sir William Lyne. He referred to the great question of unemployment in this country. At the present moment our unemployment has been reduced gradually to a minimum, because trade is good. Still, we have a percentage of unemployment which is rather unpleasant to contemplate. The only thing I can say is this, that after comparing the figures of unemployment for 20 or 30 years, it is not on the increase. Unemployment on the whole is very steady and the fluctuations in this country are less than they are in other countries, especially in very highly protected countries: our fluctuations are considerably less. It is very difficult to compare with Germany, until we have fuller facts, and that I hope to be able to get in the course of a year or two. Employment in Germany now is undoubtedly very good. There is as much work to do as they can find people to do it.

Mr. DEAKIN: They are importing labour.

Mr. LLOYD GEORGE: That is purely in the case of a strike. They have done that in this country.

Mr. DEAKIN: And for agricultural purposes.

Mr. LLOYD GEORGE: From where?

Mr. DEAKIN: They are drawing from the partially German countries to the south. I have seen it stated that they are coming in by thousands for harvesting work.

Mr. LLOYD GEORGE: That I have not heard of yet, but I accept the statement from you. There are two or three figures about employment which I think are rather important. There are certain classes of occupations which are a very good test as to the prosperity of a country—building, for instance. If you find a country which is not prospering, its buildings are tumbling down; there is not much new building going on. When a man does well, the first thing he does is to go into a better house. If he builds, he does it because he has money to spare. On the whole, building is about the best test of the prosperity of a country. It means that you are putting up new factories, new workshops, new quays, and new railways. If you will compare the number of people employed in building, for instance, according to the census of 1901, with the number of people employed in building in 1881, you will find that in 1881 there were 926,000 in this country engaged in building, and in 1901 there were 1,336,000. That is an increase of 410,000 or 44 per cent., our population having increased 19 per cent. The same thing applies to trades like furniture.

Mr. DEAKIN: You stop at 1901.

Mr. LLOYD GEORGE: Yes, that is our last census, I cannot give later figures. Our next census will be in 1911.

Mr. DEAKIN: The President of your Local Government Board, Mr. Burns, when he was here the other day called special attention to the depression of your building trade just now.

Mr. LLOYD GEORGE: There is temporary depression just now.

Mr. DEAKIN: When discussing emigration he said there were a great number of those engaged in the building trade who would be only too glad to emigrate.

Mr. LLOYD GEORGE: It is a very curious trade. You will find the building trade doing well when there is depression in other industries. On the other hand it is the very last industry which picks up. When the depression begins they are still building as a result of the boom which has taken place, and the building has not been completed. They do not start fresh building until a boom in trade has been going on for some time. The prosperity of our building trade will hardly begin again for perhaps six months or a year; then it will begin. If you compare the number of men engaged to-day in the building trade with those engaged in 1901, I guarantee there is a higher percentage of people even now engaged in it than in 1901.

Mr. DEAKIN: By "engaged" you mean "employed."

Mr. LLOYD GEORGE: Yes, actually employed. The same thing applies to furniture, and to those engaged in the food, drink, and lodging businesses, but I do not want to weary the Conference by giving all those figures.

Something was said by Dr. Smartt with regard to cotton, and he seemed to think that our cotton trade was being driven out from South America, and that Manchester would have something to say to this. Let me give these figures. There has been nothing like the boom in the cotton trade during the last few years. In 1903 we exported from the United Kingdom of piece goods alone (which does not contain the whole of our cotton exports), 55 million pounds' worth. Last year we exported 75 million pounds' worth of piece goods. That is an increase of 20 million pounds' worth. Germany exported, in 1903, six million pounds' worth; last year they exported seven million pounds' worth. That is an increase of 20 millions in the export trade of the United Kingdom, and an increase of something under one million in the export trade of Germany in cotton piece goods. The exports from the United States increased from five millions to nine millions during the same period, and France has increased from four millions to five million pounds' worth. So taking all these countries together, they exported last year 21 million pounds' worth of cotton piece goods, where we exported 75 million pounds' worth of cotton piece goods, showing an excess of over 50 millions sterling in favour of the United Kingdom. That is doing rather well.

Mr. F. R. MOOR: I am sorry to interrupt, but what are the relative values of the raw material as regards this cotton in these years, because, of course, if the raw material is considerably higher now it makes a great difference in your finished value.

Mr. LLOYD GEORGE: It has increased, but it does not account certainly for all that enormous increase, and if it does, what of France, and what of Germany, and what of the United States of America?

Mr. F. R. MOOR: It does not affect the proposition. They have all to pay the same price for their raw material.

Mr. LLOYD GEORGE: I agree, but I want to point out that the increase in the value of the products exported from Germany during those five years is only one million pounds, and that is to cover not merely the increase of quantity but the increase of price. The increase here is 20 million pounds. As far as I can see, Mr. Moor would suggest that Germany has rather gone back than otherwise, and, if so, we have gone on enormously. I am not sure that the million would cover the difference in the price of the raw material in Germany, but certainly the difference would be covered two or three times over in our country. But I also have the figures here in yards. The figure I gave was for 1901. This will reassure Mr. Moor. In 1901, we exported 5,364 million yards of cotton piece goods from this country. Last year we exported 6,261 millions. That is an increase of nearly 900 million yards of cotton piece goods in the course of five years. That seems to me to be a very satisfactory state of things, so far as cotton is concerned.

Dr. JAMESON: It may be. It would be very interesting to have the statistics.

Mr. LLOYD GEORGE: They are very interesting to us. We have to live on them. They represent bread and meat from Australia and Canada. They represent our purchasing capacity, and you really ought to rejoice.

Dr. JAMESON: I do, and I hope you are always going to have that prosperity.

Mr. LLOYD GEORGE: Because there is not one single yard of it that does not mean a threepenny chop of Australian mutton, or something of that sort.

Dr. JAMESON: But how many or how few years ago is it that Germany, France, &c., were exporting none, and now they are exporting seven million pounds' worth.

Mr. LLOYD GEORGE: Really, if you are not capable of being satisfied by figures of this sort, you are the most insatiable of men. Nothing will satisfy you. An increase of business in four years of 20 millions pounds is as nothing in your sight. Really I cannot do better than that.

Mr. DEAKIN: He wants to keep it.

Mr. LLOYD GEORGE: You are not merely keeping it but improving upon it. Really, I thought you were more reasonable, Mr. Deakin.

Mr. DEAKIN: That explains his anxiety.

Mr. LLOYD GEORGE: We have increased our business in cotton alone by 20 million pounds in four years—more than the whole of our trade with Australia.

Mr. DEAKIN: That is good.

Mr. LLOYD GEORGE: I think so. Will you convince Dr. Jameson that that is good enough? The total of our exports of cotton manufactures—I am sorry to disturb Dr. Jameson by these figures—last year came to somewhere about 100 million pounds' worth. Now, unless I am mistaken that is twice as much as the total of the cotton exports of all the protected countries in the world put together. If you are not satisfied with twice as much you are hard to please.

Dr. JAMESON: I am quite satisfied with the size of the figures, and I am very glad they are large, and that there is so much margin for a very slow decline.

Mr. LLOYD GEORGE: Germany has really increased very little in the course of 10 years.

Mr. DEAKIN: So much the better.

Mr. F. R. MOOR: What are the figures of the United States in that comparative statement?

Mr. LLOYD GEORGE: The United States has increased by 4,000,000*l.*, we have increased by 20,000,000*l.* Just think of it. The United States of America has got the cotton in one field and the factory in the next. At least she could have it; there is no reason why she should not. We have on the other hand to carry our raw material thousands of miles across the sea, and still we beat them. If that is not a real triumph of British grit, skill and brains——

Mr. DEAKIN: Long may it reign——

Mr. LLOYD GEORGE: And a triumph of the free fiscal system, I do not know what it is.

Mr. DEAKIN: That is an incubus. In spite of it you sometimes manage to increase. My memory was correct as to what I said about the building trade. Mr. Burns says: "At this moment we have, I am sorry "to say, through reasons that I need not go into, a very large number of men "in the building trade who are slack of employment."

Mr. LLOYD GEORGE: There is no doubt about that.

Mr. DEAKIN: "We also have, proportionately to the Colonies, more surplus unskilled labourers than any of the Colonies possess, and it does seem to me that if those men in the building trades, who are a type of men that many of the Colonies pre-eminently want in opening up new countries, were more closely informed as to the colonial requirements of labour, we should see a very considerable number of the men of the building and similar trades, seeking work in Colonies where their work would, perhaps, be for the moment better, and perhaps ultimately more regular than it is now."

Mr. LLOYD GEORGE: Somebody said something about shipping—Sir James Mackay, I think. The net tonnage of shipping belonging to

the United Kingdom, is 10,700,000 tons. Germany, which is our only real competitor, has 2,500,000 tons; so ours is just four times as much as what she has got with all her subsidies and through transit rates.

Mr. DEAKIN: That is only the Mercantile Marine?

Mr. LLOYD GEORGE: Yes. France has 1,400,000 tons, and the United States of America have barely 1,000,000 tons, exclusive of vessels not registered for oversea trade. Do not forget that at one time the United States of America divided the trade of the Atlantic with us.

Mr. DEAKIN: Before the war?

Mr. LLOYD GEORGE: Before she became a high tariff country. I know the war drove her undoubtedly into high tariffs and into bad ways.

Mr. DEAKIN: War destroyed her shipping.

Mr. LLOYD GEORGE: As Mr. Deakin says, it destroyed her shipping.

Mr. DEAKIN: The "Alabama" helped to destroy her shipping.

Mr. LLOYD GEORGE: The "Alabama" and McKinley between them destroyed her shipping.

Mr. DEAKIN: That is a matter of opinion as to McKinley.

Mr. LLOYD GEORGE: If I were interested in British shipping financially, I would say, long may she (America) remain protectionist!

With regard to the Colonies, Sir William Lyne was very disturbed when he left Sydney Harbour at the spectacle of half the shipping there flying a foreign flag. Well, I do not think he need be very disturbed about our shipping trade with the Colonies. The British tonnage, sailing and steam, in the inter-Colonial trade amounts to 20,500,000 tons.

Mr. DEAKIN: Does that include Australian shipping—local steamers?

Mr. LLOYD GEORGE: No, this is our shipping.

Mr. DEAKIN: Ours is your shipping, too.

Mr. LLOYD GEORGE: I mean now our United Kingdom shipping.

Mr. DEAKIN: All the world over?

Mr. LLOYD GEORGE: In all our Colonies.

Mr. DEAKIN: I thought you might refer only to those owned in Australia?

Mr. LLOYD GEORGE: No. The foreign tonnage is 3,200,000. That is between one-sixth and one-seventh of ours. That is keeping a good distance ahead. I have the figures for Australia, if Mr. Deakin likes to

have them. The total of entrances and clearances in the oversea trade of Australia in 1905 under the British flag was 5,500,000 tons, whilst that under foreign flags was only 1,900,000 tons. The proportion there, I agree, is not so favourable to us as when you take the whole of our inter-Colonial trade.

Mr. DEAKIN: You will remember Sir William Lyne speaks, as any one of us would speak, with an experience beginning 20 years ago, when you hardly saw a foreign flag there. That is what makes a great impression in Australia.

Mr. LLOYD GEORGE: I know. One reason for that is that foreign countries are buying more from Australia than they ever did before—more of your wheat and wool.

Mr. DEAKIN: Formerly they carried it in British ships, now they carry them in their own.

Mr. LLOYD GEORGE: They did not carry it at all. They were not customers of yours to the same extent as they are now. There is another reason, no doubt—and there is no use concealing these things, because they are quite obvious. In the old days the wool was bought by us and sold to the Continent. Now you have a direct trade between the Continent and the Colonies. European countries prefer buying direct. They do not want to employ the British middleman, and they are quite right from their point of view; but that was quite inevitable. This is really the great Free Trade argument. The moment they buy from you, that creates trade; you start buying back; it has had the inevitable effect. As long as we were the purchasers we got the whole of the advantages; as soon as they became purchasers they got a share of the advantages; and that has always impressed us in our Free Trade argument. The mere fact that we are able to trade freely with the whole world and open our markets to them makes them buy from us. Therefore, if we go to any market—the Argentine, China, Japan, France, Germany—to sell there, we come home with something we have bought. That is undoubtedly the reason why there is more trade between the Colonies and foreign countries than there used to be. That is all I have to say about these figures. If there is anything further anybody likes to ask before I finally leave them, I shall be happy to give it. I am afraid in the Colonies the towering figure of Mr. Chamberlain has given undue prominence to the gloomy views he has uttered about the trade of the British nation. Of course, everything he said would be reported very fully there, and when he said our iron trade had gone, and wool was going, and cotton was disappearing, it naturally created an impression in the Colonies that things were really very bad with British trade, but I am glad the matter has been raised here, as it has enabled me to elucidate it with the figures which I have quoted to you.

I do not propose to deal with the separate point raised in the Australian resolution as to preferential trade between the Colonies and this country being carried in British ships. I understand Mr. Deakin is going to raise the point about treaties, and I think I will defer what I have to say on that point until I have heard his remarks.

We have been told that we have met all the approaches of the Colonies with blank negatives; that for all the substantial concessions—and I am very happy to recognise that they are substantial—which have been made in their tariffs in favour of our trade, we are prepared to offer no return. Let me here express for the Board of Trade, whose duty it is to watch carefully all that affects our trade in all parts of the world, our appreciation of the enormous advantage conferred upon the British manufacturer by the preference given to him in the Colonial markets by recent tariff adjustments. The Canadian

preferential tariff has produced a marked effect on our export trade to Canada. It is true that it seems to have benefited Canada even to a larger extent than it has profited us, for I observe from our Trade Returns that our purchases from the Canadian producer have increased, and are still increasing by leaps and bounds, with one or two set backs, and I attribute the great improvement in the trade between Canada and this country very largely to the wise policy of reducing the duties on goods imported from the Mother Country which Sir Wilfrid Laurier initiated in 1897. It has undoubtedly stimulated trade between the two countries. The South African and the New Zealand preferential tariffs have not yet been put to the test by much actual experience; but I cannot for a moment doubt that in some measure the happy results which have ensued from Canadian preference will be repeated in these cases. The same observation of course applies to Australia; and Great Britain feels, and ought to feel, grateful, not merely for the actual concessions which have been proposed, but even more for the spirit of comradeship—and I think I may even say of affection—which has inspired this new policy. But it is said, it is not enough that you should express your gratitude. The question is, what are you prepared to do in return? I know this has not been put in this form by the Colonies. There is something in Dr. Jameson's resolution which looks perilously like it, but I am sure that the Colonies would not wish to present their case in that form, as they know it would detract from the real value of their action and certainly from its spontaneity. It has been so put by others, and we are bound to take note of it. My first answer would be that Great Britain is the best customer the Colonies have for their products. In the last year for which complete information is available the exports from the Self-Governing Colonies to all foreign countries amounted to 40½ million pounds, whilst the exports to the United Kingdom amounted to 93 million pounds, or, excluding bullion and specie, to 66 million pounds. But I should also observe that it is certainly to our mutual advantage that everything within reason should be done to promote commercial intercourse between Britain and the Colonies, and I should be exceedingly sorry if this Conference parted without devoting itself to a careful consideration of every suggestion which has been made for the purpose of developing inter-Imperial commerce. One danger of giving undue prominence to a controvertible suggestion for arriving at a particular end, is that the controversy about that suggestion tends to obscure all other proposals for attaining the same end. Nations which have been accustomed to self-government are apt to attach exaggerated importance to the controversy of the moment. That is our danger just now. I am afraid the question of preferential tariffs looms so large on the political horizon that its friends may lose their sense of proportion, and think that every alternative proposition is too insignificant to waste time and thought upon. I am glad to think that Mr. Deakin does not think so.

Mr. DEAKIN: No, preferential tariffs are only part of the policy of preferential trade.

Mr. LLOYD GEORGE: I am glad to hear that, but may I appeal to the members of the Conference before they separate to devote some part of their deliberations to the examination of other proposals which have been made for the development of Imperial trade? If they fail to do so, in my humble judgment, opportunities may be lost which may not soon recur. I have an idea of what may be passing in my friends' minds on this point, though they are too courteous to express it at this Conference. They have been assured that Colonial preference is much nearer than we seem to imagine. I know they have been told that the electors have repented of the hasty verdict which they delivered so emphatically eighteen months ago, and that when the opportunity recurs for them to reconsider their decision, it will be

given for the policy which is embodied in this resolution. Well, this is no place to embark upon a review of the political situation here, or elsewhere; but it is not altogether irrelevant to the discussion to present two or three considerations for the members of the Conference to reflect upon. This is not the first time the question of Protection has been an issue between parties in this way even within my memory.

Dr. JAMESON: That horrid word "Protection"!

Mr. LLOYD GEORGE: I will accept any word. I do not want to quarrel about words. What is your word?

Dr. JAMESON: Colonial preference.

Mr. LLOYD GEORGE: Well it was not presented in that form then. In 1885 it was called "Fair Trade." They always change the name. In 1885 it was presented in the form of Fair Trade. The Conservative Party took it up very heartily. At that time it looked as if, to use Lord George Hamilton's phrase, it were "a winning horse," but it was beaten; Free Trade won, I think, by a majority of 100. That was a time of very bad trade. So these proposals, with regard to imposing tariffs on foreign goods, had every advantage which the circumstances of the moment could give them. But what frightened the country off Protection then is what will frighten it off Protection again, and that is not unimportant for you to consider when you think of your proposals for Colonial preference. What frightened the country then was the fear of a tax, or a duty, on food. The agricultural labourers in the counties, the miners and the artisans, would not have it. What happened in 1886—and here is a thing I want you to reflect upon, if I may put it in that form without offence—was that an opportunity then presented itself for the Fair Trade party to come into power on one condition, and that was that it should jettison its Protectionist policy. The Liberal Party proposed a measure which alienated a very considerable portion of its own friends. The Liberal Unionists were then Free Traders, and they said to the Tory party: "We are quite willing to combine with you on a policy "of resistance to these Irish proposals on one condition, that the administra- "tion, when it is formed, is to be a Free Trade one." And Protection was abandoned. In 1885 no one could possibly have prophesied what would have happened in 1886. It was something which occurred quite suddenly and unexpectedly. It was a shock even, I think, to Mr. Gladstone's best friends, and in 1886 the Conservatives, who were pledged to Protection and tariffs, came in as a Free Trade party and remained in power as a Free Trade party for 20 years. So much were they a Free Trade party, that even the shilling duty on corn which was put on in an emergency was taken off when it might very well have been used for the purpose of preference to the Colonies. They did not take it off for the sake of preference. The Unionist party were in as a Free Trade party, and were in for 20 years as a Free Trade party, and the proposal which you are now making to us for a preference on Colonial wine they would not look at, they were so squeamish in their Free Trade principles: that was the Unionist party for 20 years. Although in 1885 they were Protectionists up to the lips, in 1886 they became Free Trade, because, I will not say it was the temptation of getting in, because that would be an unfair reflection, and the sort of reflection that, though parties make them against each other, is, I think, unjustifiable—but they felt there was a bigger, a more urgent and more imminent issue; in their judgment, the country was face to face with a possible disaster, and they had to save it even at the risk of throwing over their Fair Trade principles. They never became a Protectionist party again until the last election. They were beaten in 1885

by 100; they were beaten in 1906 by 300, at least, and I have no hesitation in saying that whatever the contributory elements to that disaster were, there was none that was more potent than the proposals made for a preferential tariff which involved a tax on food. I do not say that was the only issue. It would not be fair for me to say so. You are all gentlemen who have fought elections, and you know you cannot say that 45 per cent. of the result is due to this consideration and 20 per cent. to another consideration. But I do say that this was one of the largest elements. That is twenty years after the proposals were made, and now it is a time of booming trade. Then it was a very disappointing time of bad trade. What is your position now? Have you noticed—and here I want to keep clear of party politics—that our party is solid against taxing food? I am going to put this frankly. Is the other party as solid in favour of it? Mr. Balfour, the late Prime Minister, when he was Prime Minister and Leader of the Party, said at Sheffield that this country, in his judgment, for historical reasons, could not be induced to put a tax on corn. He stood by that position for two or three years, and at the last general election not half of the Conservative candidates in the country ever put a duty on corn on their programmes. They were asked "Will you do it?" They either avoided the question or said: No, they would not. I do not think I am exaggerating when I say that was the case with fully one-half of them. Some of the most powerful members of that party now are men—I do not want to name them—who are opposed to the idea of a duty on corn to the very utmost extremity. Their names will present themselves to your minds. Dr. Jameson knows them very well. Where is Mr. Balfour now? Two months ago the question was put to him directly in the House of Commons: "Would you put a duty on corn as a basis of your preferential tariff"? He absolutely refused to reply. He said something about wine, but that is a small matter from any point of view—too small a matter in my judgment to affect the position one way or the other. But when you come to the large and the most important matter, the question of corn, the Leader of the Opposition refused to pledge himself. Has he done so now? I have seen two or three interpretations of the declarations he has made—interpretations placed upon them by his own supporters. Were you to write a letter to him to say: "Does this "mean, Mr. Balfour, that if you were returned to power next year you "would propose a duty on corn in order to give a preference to the "Colonies?" the Liberal Publication Department would pay a good price for the answer, if it should be in the affirmative. You will not get it. I am certain you will not. What may happen in the course of the next two or three years, heaven alone knows. You may have some other great issue precipitated into the arena which will divide parties and recast them. You cannot tell. No one can predict now how much the fiscal issue will count at the next general election—things change so rapidly in our politics, as in the politics of other countries. There may be a combination to fight the present Government on other issues which may be sprung upon them. But you must not assume too readily that the question of preferential tariffs is going to be, I will not say a dominating factor, but even a factor at all in the next appeal by the other party to the electors of this country. My reason for saying this is to ask whether, having regard to all these considerations, it would not be well to devote some time to the consideration of proposals of a different character.

Mr. DEAKIN: A bird in hand.

Mr. LLOYD GEORGE: That is it. Would it not be well to devote some time to the consideration of proposals which are none the less important in practical effect in that they are not flavoured with an element of bitter

controversy? Sir Joseph Ward, the Premier of New Zealand, in the important speech which he delivered in this debate, has brought before the Conference two or three propositions to which it would in my judgment be well worth our while to devote our most careful consideration. He made, as far as I can recollect, three important suggestions: one was the improvement and the cheapening of cable communications with this country; the second was the appointment of commercial agents or consuls in the Colonies, whose business it would be to assist British trade; and the third—and this is undoubtedly the most important and also the most difficult, if I may say so, of the three suggestions which Sir Joseph Ward made—was the improvement of the communications for the transport and passenger traffic between the Mother Country and the Colonies. As to the first, it would be an undoubted advantage to the traders in all these countries if they could communicate their orders quickly at rates which would not be practically prohibitive. Our main object ought to be to shorten the distance between ourselves and our Colonies by every means at our command. It is the distance that handicaps colonial trade in competition with foreign countries which are more favourably situated. As to the second suggestion, a good deal has already been done; but I am not at all satisfied that we have by any means done all that it is in our power to do on this point. I think we have proceeded on much too frugal a scale. If Canada, Australia, and New Zealand had been foreign countries, we should have appointed first-class consuls at a remuneration which would make it worth their while to attend to the business of our merchants in those countries. It would have enabled us to secure first-class men. But seeing that they are British Colonies, we have satisfied ourselves with running our trade intelligence in these vast territories, with their endless possibilities, on the cheap. That, I agree, is a flaw which has to be repaired.

I am doubly glad that the Prime Minister of New Zealand raised this question while the Chancellor of the Exchequer was present to hear his observations. I am not blaming the Treasury, and I certainly am not blaming the Chancellor of the Exchequer, who has invariably—and if I may add, ungrudgingly—acceded to every request made to him by the Board of Trade to spend money in improving the equipment of our Commercial Department, and he has answered our appeals on a very generous scale in the course of the past year, when much greater demands have been made upon him than for many years past. But it shows the advantage of initiating discussions about practical proposals, that Sir Joseph Ward's reference to this subject has encouraged us to go to the Treasury again.

Mr. ASQUITH: Already?

Mr. LLOYD GEORGE: Yes, and the Chancellor of the Exchequer has arrived in this room at a most opportune moment. We have approached the Treasury for the purpose of asking them to grant us more lavish assistance in organising our system for obtaining more complete commercial information in the Colonies, and for assisting our traders there. All we want them to do for us is what they are doing for us already in foreign countries. We do not ask for more at the present moment. We are now considering the question of appointing what I may call "Imperial commercial travellers," if I may put it in that form, whose business it will be to move about in the Colonies to investigate trade conditions and requirements, and to see especially where our trade rivals are getting advantage over us, and to report fully on all these points to the Commercial Department of the Board of Trade. From that Department the information will be confidentially disseminated in the proper quarters. They will also visit the great industrial centres of this country, and will ascertain what kind of produce

raised in our Colonies there is a real demand for and how best it can be met by the colonial producer. We hope by this system to produce greater commercial intercourse between the Colonies and the Mother Country, which will be to the advantage of all. This is only one out of the many things—small in themselves perhaps, but important in the aggregate—which we are not merely thinking over but taking steps to put into actual operation. Any further suggestions of a kindred kind that come from the Colonies we shall be most thankful for. We have a natural preference for trading with our Colonies, and we would like to know how we could best achieve our ends in this regard in a way that would not hurt, but would rather help our people as well as yours.

Now, we come to the third and undoubtedly the most momentous question of all. It is also, I need hardly say, the suggestion, the working of which is most fraught with difficulty—I will even say with danger—and it has therefore to be approached very carefully and very guardedly with a sincere desire to give it as favourable a consideration as the exigencies of our world-wide trade would justify. It was also put forward in the first instance by Sir Joseph Ward, and it received the support of all those who have hitherto taken part in this great debate. I think also Mr. Deakin and Mr. Moor referred to it, and I think also Sir Wilfrid Laurier.

Mr. DEAKIN: They are all parts of one policy.

Mr. ASQUITH: Sir Wilfrid Laurier had already made a definite proposal on the subject, I understand?

Mr. LLOYD GEORGE: Yes, he has. It is to improve the communications for transport and transit between the Mother Country and the Colonies. Let me say now that in considering this proposal we ought at once to eliminate any idea that a policy of general subsidies would in the least degree benefit our shipping. From that point of view, it has been proved by the experience of France and other countries that any notion of helping shipping by means of general State subsidies is thoroughly unsound, and may even be disastrous; and I therefore at once dismiss any suggestion which may be made of approaching this question of improved communications from that point of view. The British Government, you may depend upon it, has gone into this matter very carefully. I do not mean merely the present Government. When our trade rivals are subsidising steamships, there is naturally enough a panic from time to time in this country amongst those who are financially interested in our shipping, and any momentary set back which is inflicted on our shipping is always attributed to the aggressive policy of foreign Governments. We have subsequently always found on investigation, that the extent to which foreign governments do aid their shipping has been in every case grossly exaggerated. The subsidies of Germany are not, with one or two exceptions, at all considerable factors in the development of their trade. In fact, if you compare the subsidies of Germany with what we are giving to our shipping in the way of payment for postal services, I do not think that they pay their shipping on as generous a scale as we do. With those one or two exceptions, which I have already mentioned, where by means in the one case of a direct subsidy to their East African line of steamers, which has now crept on to Durban, and in other cases, by means of through rates of traffic on their railway system, by which undoubtedly they are assisting, not merely their shipping, but to a much larger extent their export trader (he is the man who benefits most by that and not the shipowner)——

Mr. DEAKIN: There is the extraordinary growth of the Nord-deutscher Lloyd in recent years; its recent union with the Hamburg-Amerika; and the dividend it pays.

Mr. LLOYD GEORGE: I am not reflecting upon our own shipowners, but that is very largely due to the extraordinarily skilful management of a most magnificent organisation.

Mr. DEAKIN: That adds to it.

Mr. LLOYD GEORGE: There is no doubt about that. Fortunately some time ago the late Government appointed a committee to inquire into shipping subsidies, and I think by way of giving confidence to my friend Sir William Lyne, I ought at once to say that four out of the six members of the Committee appointed for that purpose were strong Tariff Reformers. They heard a good deal of evidence; they examined a good many documents; they sat long and they sat late; and after I think weeks, if not months, of careful sifting of all the evidence, they came to a conclusion which was unhesitatingly adverse to a policy of general government subsidies for British shipping. As this is a matter of great moment, I will make no apology for referring to the conclusions arrived at by this important Committee. I will not read them out but I will put them in:—

RECOMMENDATIONS OF THE SELECT COMMITTEE ON STEAMSHIP SUBSIDIES.

"Your Committee trust, in conclusion, that they have collected a large amount of valuable information; they are not directed by the terms of the reference to make recommendations, but it may be convenient to summarize their opinions expressed in the course of this Report. They are:—

"1. That the granting of shipping subsidies at considerable pecuniary cost by foreign Governments has favoured the development of competition against British shipowners and trade upon the principal routes of ocean communication, and assisted in the transfer from British to continental ports of some branches of foreign and colonial trade; but that, notwithstanding the fostering effect of subsidies upon foreign competition, British steam shipping and trade have in the main held their own, and under fair conditions British shipowners are able to maintain the maritime commerce of the country.

"2. That subsidies are the minor factor, and commercial skill and industry the major factors, of the recent development of the shipping and trade of certain foreign countries, and notably of Germany, where, for example, the granting of through bills of lading viâ the State railways has had an important effect. In some other countries subsidies have led to no satisfactory results.

"3. That the subsidies given by foreign Governments to selected lines or owners tend to restrict free competition, and so to facilitate the establishment of federations and shipping rings, and therefore that no subsidy should be granted without Government control over maximum rates of freight and over this combination of subsidised with unsubsidised owners to restrict competition.

"4. That the competition of British shipowners with their commercial rivals upon fair conditions, without Government interference by way of subsidies, or by way of control of freights is more healthy, and likely to be more beneficial to the nation and Empire than a State-subsidised, and State-controlled system under which the shipowner would have to depend less upon his individual energy and skill, and more upon the favour and support of the Government.

"5. That a general system of subsidies other than for services rendered is costly and inexpedient.

"6. That rare cases occur where in view of special imperial considerations subsidies are necessary for establishing fast direct British communication and that at the present moment such a subsidy should be favourably considered for a line to East Africa where there is no direct British steamship service, and where British trade is handicapped by foreign subsidised steamship lines.

"7. That in all cases of subsidies it is desirable as far as possible to observe the following principles:—

"(i.) That every endeavour should be made to maintain the pre-eminence of British lines, and that it is desirable to secure unification of control by placing the final negotiations in the hands of a small permanent Committee.

"(ii.) That a condition of adequate speed should form part of every subsidy, to ensure rapid communication within the Empire, or to secure fast carriers of food supplies in time of war, or to meet Admiralty requirements.

"(iii.) That no British subsidy should be granted except on condition that the whole or partial sale or hire of any ship in receipt of the subsidy cannot take place without permission of the Government.

"It is desirable that the majority of the boards of directors of subsidised companies should be British subjects.

"(iv.) That on subsidised vessels the captain, officers, and a proportion of the crew ought to be British subjects.

"8. That with a view to the fair competition of British shipowners with their foreign rivals—

"(i.) Board of Trade regulations should be enforced against foreign ships equally with British ships.

"(ii.) Light dues should be abolished.

"(iii.) Means should be taken to obtain the removal of foreign laws and regulations which exclude the British shipowners from the trades appropriated by various foreign Powers to their own shipping as "coasting trade," and that if need be, regulations for the admission of foreign vessels to the British and Colonial trade of this Empire should be used with the object of securing reciprocal advantages for British shipowners abroad."

Mr. LLOYD GEORGE: The Committee reported very strongly against general subsidies, and they came to the conclusion that subsidies are the minor factor, and commercial skill and industry the major factors, in the recent development of the shipping and trade of certain foreign countries, and notably of Germany, where, for example, the granting of through bills of lading by the State railways has had an important effect. In some other countries subsidies have led to no satisfactory results. May I say this, that in my judgment if we wanted really to give the best possible Government assistance to our trade it would be by means of a reconsideration of the whole problem of our railway system, because the railway system in Germany is so worked as to assist the export trade of Germany. Our railway system is worked here so as to help the man who wants to import from foreign countries. The German railway is a bonus on exports; the British railway is a bonus to the foreign exporter to this country.

Mr. DEAKIN: One of your lines of railway discriminates in favour of foreign imports as against Colonial imports.

Mr. ASQUITH: What is that in reference to?

Mr. DEAKIN: Danish butter and dairy produce has a preference on one, if not more, lines of railway in this country. I have that on the authority of people in the trade.

Mr. LLOYD GEORGE: There are very bad cases. We are being driven to consider very carefully the whole policy of our railway system.

Sir WILFRID LAURIER: What is the system you refer to?

Mr. DEAKIN: The through rate.

Mr. ASQUITH: An inclusive through rate.

Sir JOSEPH WARD: The German through rate I understand is given, provided it is shipped in a German ship.

Mr. LLOYD GEORGE: It is a through rate. For instance, you pay, let us say, 56*s.* a ton from a point inland in Germany to Durban. Supposing you have to go 400 miles further inland to get those goods, instead of paying what would be a fair and reasonable railway rate for the transport of the goods, say, from Magdeburg to Bremen, you only pay an additional 1*s.* or 2*s.*, or some trifling sum of that sort. It is obvious that it does not pay the railway to carry these goods at a half-penny or a farthing per ton per mile. Therefore, somebody must be making up the loss, and the loss falls upon the railway system as a whole. The shipowner gets his 51*s.*, or whatever the charge may be. The loss does not fall upon him; he does not contribute.

Sir WILFRID LAURIER: That is the question of long haulage and short haulage. You may have goods put on for many miles paying no more than for short haulage. It is a constant source of trouble, not so much in Canada as in the United States.

Mr. DEAKIN: Many of the Trust operations in America have been conducted under that cover.

Sir WILFRID LAURIER: That is one of their operations; but their operations are legion. It is the cause of trouble in the United States much more than in Canada.

Mr. LLOYD GEORGE: It is a much more glaring thing than that. For instance, you would hardly charge practically the same rate for carrying goods for 10 miles as for carrying them 500 miles, would you?

Sir WILFRID LAURIER: I understand that under the present system they make through rate from the point inland to port of exportation both for the railway and shipping.

Sir JOSEPH WARD: At a low rate if going by their own shipping.

Mr. ASQUITH: To the ultimate point of destination.

Sir JOSEPH WARD: For instance, from Munich to Constantinople a German who is a manufacturer and exporter of a similar line of goods to a manufacturer in England can, in some form or another, get a rate from Munich to Constantinople so as to give him the chance of obtaining the trade in the Levant more favourably than another manufacturer producing an article in England of the same character can get to the sea-board and on to a steamer.

Mr. LLOYD GEORGE: I know. Here is a case. "The mileage rate "charged under this tariff"—this special through-rate tariff—"by the German "State railways for the carriage of goods may be approximately estimated in "in the following manner. Taking, for instance, the rate per ton of "1,000 kilos for 10 ton lots of the highest class of goods (such as india-"rubber articles, hats, silks, electro-plate, shoes, &c.) from Munich to Alexan-"dria, Braila, Constantinople, Galatz, &c., this would be 71*s*. Taking on the "other hand the rate for the same goods to the same destination from Berge-"dorf about 10 miles only from Hamburg, the same is only 56*s*. 1*d*. It would "result therefrom that 14*s*. 11*d*. is the mileage rate for the railway carriage "between Munich and Bergedorf, and that the rate per ton per mile (as "Munich is 493 miles from Bergedorf) is thus a fraction over one-third "of 1*d*." No railway in the world can carry those goods at that rate. It therefore means that the cost falls upon the State system of railways.

Sir WILFRID LAURIER: Do you mean the loss is borne by the State?

Mr. LLOYD GEORGE: By the railways. The whole system belongs to the State in Germany, and the State makes a great profit upon the system as a whole. It pays them undoubtedly well. The German traders I saw here a short time ago, were very satisfied with the whole system, and said it was worked in such a way as to assist the development of trade and industry there.

Sir JOSEPH WARD: The whole thing is scientifically worked now.

Mr. LLOYD GEORGE: Yes. I have put in the conclusions of this Committee, so that the Members of the Conference can peruse them at their leisure. I would not think for my part of even considering a suggestion of this character if it were intended in any way as a proposal for buttressing up British shipping at the expense of the general tax-payer. I think it is better to say so at once, in order to clear that idea out of the way. It will make it all the easier for us to discuss the proposal actually outlined from other points of view. I gather that that is the opinion of Sir Joseph Ward also. He has not put it on the ground of subsidising ships.

Sir JOSEPH WARD: Certainly not.

Mr. LLOYD GEORGE: I know his anxiety is—and that anxiety we share with him—to bring the Colonies and the Mother Country nearer together in point of time, and to bring their produce to the market, if possible, at rates which would not unduly handicap them in competition with foreign countries. We realise that the Empire produces almost every conceivable commodity required by her inhabitants. One of the advantages of an Empire so widely scattered is that it possesses every character of climate and soil; but on the other hand the disadvantage of such geographical distribution is to be found in the difficulty of bringing the commodities to its consumers in the different parts of the Empire as required. This resolves

itself into a question of facilities for transport: the provision of the means for rapid and inexpensive communication between the constituent parts of the Empire. The problem that has been suggested to us by Sir Joseph Ward and Sir Wilfrid Laurier and other speakers is to reduce, as far as possible, the natural disadvantage of distance under which we suffer. The prompt and the cheap delivery of foods, perishable articles, and raw materials is a very big factor to the consumer and manufacturer, and it is these commodities which are so largely produced in the Colonies and so largely required in this country. The development and acceleration of inter-Imperial communication for business purposes would undoubtedly be a movement in which all parts of the Empire would share for their mutual benefit. It would result, not only in increased facilities for the marketing of goods and for stimulating the development of trade, but in giving important opportunities to the movement of individuals from one part of the Empire to another. By bringing the distant parts of the Empire nearer to the centre it would make the Empire more compact. All that is an essential element in trade. This is the proposal which is put before us, and it is well worthy of our best, and, I would say, of our most immediate consideration. We have had no schemes placed before us up to the present, and in a decision of such vital consequence, direct and indirect, not merely to the trade, but to the general efficiency of the Empire, the method of working is of the very essence of the scheme. I could conceive plans which with the best intentions in the world would lead to dissension, difficulty, perhaps disaster; but it ought not to be beyond the resources of British statesmanship to devise some plan which will achieve an end in itself so desirable. In my mind, it would have at least this one advantage over preferential tariffs. I believe—and in this I share the conviction of millions of my fellow-countrymen—that a preferential tariff, necessarily involving as it does a duty on corn and raw materials, would increase the price of products which it is necessary that our people should get at the lowest possible price. In that I gather from Mr. Deakin, he does not quite agree with me; and Dr. Jameson certainly took exception to that statement when I made it before. On the other hand, the improvement of our transport facilities would have the effect of cheapening the price of the Colonial commodities which we are so anxious to get into our markets to feed our manufacturers and our men. Now, you may ask whether I have anything definite to propose. The proposal was first made to us by Sir Joseph Ward on Tuesday last. He, I gather, is not prepared to submit any definite, settled, and thought-out scheme. He contented himself in his speech with giving a general indication of the lines upon which a discussion of this topic might usefully proceed. Would it not be well that schemes should be elaborated in detail after thinking out all the ramifications of the problem with which we are confronted? I have during the last few days seen a good many men who are experts on such questions, and talked to them upon this subject, and whilst they have convinced me that the difficulties to be overcome are enormous, I am not satisfied that the project is a hopeless one. Once these schemes have been prepared and presented with the full responsibility of the respective Governments behind them, we might then each examine them and confer further on the question.

There is one other matter to which I feel I ought to refer. It has been imputed to the Government of which I am a member that it has cold-shouldered the Colonies.

Mr. DEAKIN: Are you referring to a remark made by me?

Mr. LLOYD GEORGE: I think it was made by you.

Mr. DEAKIN: I have already pointed out several times that the very necessary habit of newspaper compression was responsible for that expression

being misinterpreted. I was speaking to an audience of ladies—the Victoria League—where I met a deputation from the British Women's Emigration League. Both in speaking to me complained as others did of not receiving the encouragement which they thought they were entitled to from the Government of this country. Their complaints related to matters extending over a certain number of years, and therefore refers not to any particular government but to your governments in general. Complaints of what we in the Colonies with our habits of State action certainly consider an unsympathetic attitude in your governments and departments generally are constantly made. I was speaking on that platform in that relation, urging them not to cease their admirable work of sending out women of character and reputation and assisting them to become established in the Colonies, nor to cease to use your educational systems to familiarise them with our advantages. I urged them not to be discouraged by any cold-shouldering on the part of governments or their departments. Some of my colleagues here were present. I was urging them not to relax their efforts nor to permit themselves to be crushed, but to appeal from the departmental neglect and to rely upon public support to enable them to do what we in the Colonies think our Governments ought to assist them in doing there. It was in that particular relation the word "cold shoulder" was used. I had not at the moment anything in my mind that has transpired at this Conference.

Mr. LLOYD GEORGE: I am sure I am delighted to hear that.

Mr. ASQUITH: And I, too.

Mr. DEAKIN: If I had anything to say on that topic that would not have been the meeting or the place at which I should have said it.

Mr. LLOYD GEORGE: That is what I thought. It would have been better to say it here face to face. I am not quarrelling so much with what you said as with the interpretation placed upon it by certain journals. I am not sorry I have referred to it, because it has given Mr. Deakin the opportunity of clearing up that matter.

Mr. DEAKIN: I have corrected it in several places already.

Mr. LLOYD GEORGE: All I say is, that we have given to the Colonies the answer which they would have given us if we had endeavoured to induce them for Imperial or other reasons to change their fiscal system, a system established, according to Mr. Deakin, purely in the interests of Australia. That is the fiscal system you consider best in the interest of Australia.

Mr. DEAKIN: Our fiscal system in the interest of Australia and our preference system in the interest of the Empire.

Mr. LLOYD GEORGE: We could have given them no other reply to any proposal which involved the taxing of the food of the people; and the Colonial representatives knew that before they started for this Conference. I would ask them to consider what are the conditions of a thickly-populated country like ours, dependent for its supplies on other lands. If Australia and New Zealand had the same population per square mile as Great Britain has, then the Australian census would reveal the presence of more than a thousand millions of men and women and children crowded on Australian soil, dependent inevitably as we are for the very necessaries of life upon what is brought to their harbours of the surplus of other lands. Let Australia pray God, when that time comes, that she may have no slums on her soul.

Mr. DEAKIN: We will not, if legislation can prevent it.

Mr. LLOYD GEORGE: I know. I was very much impressed by what Sir Joseph Ward told me about the social position of the people of New Zealand. He assured me that for years no beggar had accosted him in that fortunate land. We, in these old countries, are not so happily circumstanced. Neither Free Trade nor Protectionist countries can claim that they are immune from dire poverty and distress amongst large masses of their population. We have in every old country of the world multitudes of poor people who from the cradle to the grave, are never out of sight or hearing distance of the wolves of hunger. Attempts have often been made to saddle our fiscal system with responsibility for the distress of our times; there might have been something to say for that had Protectionist countries been free from the same condition, and also if it had not been for the fact that Britain is, in spite of everything, the richest country under the sun per head of her population. Free Trade has been a great success as a wealth-creating machine, and all this wretchedness is not so much the sorrow as the shame of Great Britain. Had our Colonial friends proposed resolutions calling upon us to use the gigantic resources of this country to put an end for ever to a condition of things which is a blot on the fair fame of the Empire as a whole, then we should have been happy to have assented to their resolution, and to do all in our power to give it effect. But an alteration in our fiscal system is not going to achieve this end; the causes are deeper, as they are older, than any existing fiscal system. The most rabid Free Trader would not have contended that the abolition of the tariffs of the Continent would put an end to all the poverty that exists in Continental countries, and we feel perfectly certain that a change from Free Trade to Protection would simply aggravate the distress we wish altogether to avert. You seem in the New World to be profiting by the bitter experience of the Old, and dealing thoroughly and effectively with the social and economic evils that afflict your people ere those evils harden into malignity; but when we seek to heal those sores in these tradition-bound countries, we do so timidly and fearfully, as men would attempt interfering with the dispensations of Providence. It will be a long time ere we can summon the courage to apply remedies which you have already boldly used for less aggravated evils. In the meantime there will be much suffering and privation in this land of abundant plenty. We beseech you, then, not to lend countenance to any schemes which, however much they might profit you, would have the effect of increasing by one grain of sand the weight of unendurable poverty now borne by many sons and daughters of this affluent country.

I am exceedingly obliged to the Conference for having listened to me so patiently.

Adjourned to to-morrow at half-past 10 o'clock.

TWELFTH DAY.

HELD AT THE COLONIAL OFFICE, DOWNING STREET,
TUESDAY, 7TH MAY 1907.

PRESENT:

The Right Honourable THE EARL OF ELGIN, K.G., Secretary of State for the Colonies (President).

The Right Honourable Sir WILFRID LAURIER, G.C.M.G., Prime Minister of Canada.

The Honourable Sir F. W. BORDEN, K.C.M.G., Minister of Militia and Defence (Canada).

The Honourable L. P. BRODEUR, Minister of Marine and Fisheries (Canada).

The Honourable ALFRED DEAKIN, Prime Minister of the Commonwealth of Australia.

The Honourable Sir W. LYNE, K.C.M.G., Minister of Trade and Customs (Australia).

The Honourable Sir JOSEPH WARD, K.C.M.G., Prime Minister of New Zealand.

The Honourable L. S. JAMESON, C.B., Prime Minister of Cape Colony.

The Honourable Dr. SMARTT, Commissioner of Public Works (Cape Colony).

The Right Honourable Sir ROBERT BOND, K.C.M.G., Prime Minister of Newfoundland.

The Honourable F. R. MOOR, Prime Minister of Natal.

General The Honourable LOUIS BOTHA, Prime Minister of the Transvaal.

The Right Honourable WINSTON S. CHURCHILL, M.P., Parliamentary Under Secretary of State for the Colonies.

Sir FRANCIS HOPWOOD, K.C.B., K.C.M.G., Permanent Under Secretary of State for the Colonies.

Sir J. L. MACKAY, G.C.M.G., K.C.I.E., on behalf of the India Office.

Mr. H. W. JUST, C.B., C.M.G.,
Mr. G. W. JOHNSON, C.M.G., } *Joint Secretaries.*

Mr. W. A. ROBINSON,
Assistant Secretary.

ALSO PRESENT:

The Right Honourable H. H. ASQUITH, M.P., Chancellor of the Exchequer.

The Right Honourable D. LLOYD GEORGE, M.P., President of the Board of Trade.

Mr. W. RUNCIMAN, M.P., Financial Secretary to the Secretary.

Twelfth Day.
7 May 1907.

Mr. H. LLEWELLYN SMITH, C.B., Permanent Secretary to the Board of Trade.

Mr. A. WILSON FOX, C.B., Comptroller-General of the Commercial, Statistical, and Labour Departments of the Board of Trade.

Mr. G. J. STANLEY, C.M.G., of the Board of Trade.

Mr. ALGERNON LAW, of the Foreign Office.

Mr. THOMAS W. HOLDERNESS, C.S.I., of the India Office.

PREFERENTIAL TRADE.

CHAIRMAN: I am not quite sure how the members of the Conference would wish to proceed at this particular point of our proceedings, but I think we are all agreed that we must, if possible, close the discussion on which we have been engaged the last few days during this sitting. I only wish to say with regard to myself, that I do not wish to detain the Conference by any intervention in this debate, because the case for the Government has been put by the heads of those departments of His Majesty's Government who are specially responsible, and, as far as I am concerned, I am entirely in accord with the principles and sentiments which they have expressed; but my friend, and the representative of the Colonial Office in the House of Commons, Mr Churchill, would like to say a few words to the Conference on one particular side of this question of which he is specially in charge, and I ask the Conference to hear him now.

Mr. DEAKIN: We shall all be delighted.

Mr. WINSTON CHURCHILL: Lord Elgin and gentlemen, the economic aspect, both from the point of view of trade and finance, of the question of Imperial Preference has already been dealt with very fully by the Chancellor of the Exchequer and the President of the Board of Trade, and I desire in the very few observations with which I shall venture to trespass upon the indulgence of the Conference to refer very little to the economic aspect, but rather to examine one or two points about this question of a political, of a Parliamentary, and almost of a diplomatic character. I want to consider for a moment what would be the effect of a system of preferences upon the course of Parliamentary business. The course of Colonial affairs in the House of Commons is not always very smooth or very simple to discover, and I am bound to say that, having for one-and-a-half years been responsible for the statements on behalf of this Department which are made to the House of Commons, I think enormous difficulties would be added to the discharge of Colonial business in the House of Commons if we were to involve ourselves in a system of reciprocal preferences. I think everyone will agree, from whatever part of the King's dominions, or to whatever party he belongs, that Colonial affairs suffer very much when brought into the arena of British party-politics. Sometimes it is one party and sometimes it is another which is concerned to interfere in the course of purely Colonial affairs, and I think such interferences are nearly always fraught with vexation and inconvenience to the Dominions affected. Now, the system of Imperial preference inevitably brings Colonial affairs into the Parliamentary and the party arena; and, if I may say so, it brings them into the most unpleasant part of Parliamentary and political work, that part which is concerned with raising the taxation for each year. It is very easy to talk about preference in the abstract and in general terms, and very many pleasant things can be said about mutual profits and the good feeling which accrues from

commercial intercourse. But in regard to preference, as in regard to all other tariff questions, the discussion cannot possibly be practical unless the propositions are examined in precise detail—in exact and substantial detail. Many people will avow themselves in favour of the principle of preference who would recoil when the schedule of taxes was presented to their inspection. I, therefore, leave generalities about preference on one side. I leave also proposals which have been discussed that we should give a preference on existing duties. I think it is quite clear that no preference given upon existing duties could possibly be complete or satisfactory. It could at the very best only be a beginning, and Dr. Jameson and Dr. Smartt when they urged us with so much force to make a beginning by giving a preference on South African tobacco have clearly recognised and frankly stated that that preference would in itself be of small value, but that it would be welcomed by them as conceding the larger principle. Therefore, I think, we are entitled to say, that before us at this Conference is not any question of making a small or tentative beginning on this or that particular duty, but we have to make up our minds upon the general principle of the application of a reciprocal preference to the trade relations of the British Empire. If that be so, I am bound to say that I think that the representatives of the self-governing Dominions who ask us to embark on such a system ought to state bluntly and abruptly the duties which would be necessary to give effect to such a proposal. I thought what Mr. Deakin said on this point was extremely correct. He said that if the principle of preference were agreed upon between the Mother Country and the Colonies, it would be left to each partner to that general resolution to select the duties by which they would give effect to the principle of preference. That is a very correct attitude, and I am quite sure that Mr. Deakin was very glad to be able to assume it. I know, in the House of Commons, myself, the satisfaction with which I have been able sometimes to parry an awkward question with a highly correct answer. The question whether raw material is to be taxed is absolutely vital to any consideration of Imperial preference. Although I think it is a very good answer, when the direct question is raised, to say that the Colonies would leave that to the Mother Country, those who urge upon us a system of reciprocal preference are bound to face the conclusions of their own policy, and are bound to recognise that that request, if it is to be given effect to in any symmetrical, logical, complete, or satisfactory, or even fair and just manner, must involve new taxes to us on seven or eight staple articles of consumption in this country. I lay it down, without hesitation, that no fair system of preference can be established in this country which does not include taxes on bread, on meat, and on that group of food stuffs classified under the head of dairy produce, and which does not also include taxes on wool and leather and on other necessaries of industry. No uniform or fair system which did not include that could possibly be established. If that be so, seven or eight new taxes would have to be imposed to give effect to this principle you have brought before us. Those taxes would have to figure every year in our annual Budget. They would have to figure in the Budget resolutions of every successive year in the House of Commons. There would be two opinions about each of these taxes; there will be those who like them and favour the principle, and who will applaud the policy, and there will be those who dislike them. There will be the powerful interests which will be favoured and the interests which will be hurt by their application. So you will have, as each of those taxes comes up for the year, a steady volume of Parliamentary criticism directed at the taxes. Now that criticism will, I imagine, flow through every channel by which those taxes may be assailed. It will seek to examine the value, necessarily in a canvassing spirit, of the Colonial Preferences as a return for which these taxes are imposed. It will seek to dwell upon the hardship to the consumers in this country of the taxes

themselves. It will stray further, I think, and it will examine the contributions which the self-governing Dominions make to the general cost of Imperial defence; and will contrast those contributions with a severe and an almost harsh exactitude with the great charges borne by the Mother Country.

Mr. DEAKIN: We have enjoyed that already for some time.

Mr. WINSTON CHURCHILL: It is perfectly true that there has been a debate upon that subject in the House of Commons, but the manner in which that question when raised was received by the whole House, ought, I think, to give great satisfaction to the representatives of the self-governing Dominions. We then refused to embark upon a policy of casting-up balances as between the Colonies and the Mother Country, and, speaking on behalf of the Colonial Office, I said that the British Empire existed on the principles of a family and not on those of a syndicate. But the introduction of those seven or eight taxes into the Budget of every year will force a casting-up of balances every year from a severe financial point of view. Now, I think it has been said, and will be generally admitted, that there is no such a thing in this country as an anti-Colonial party. It does not exist. Even parties not reconciled to the British Government, who take no part in our public ceremonial, are glad to take opportunities of showing the representatives of the self-governing Dominions that they welcome them here, and desire to receive them with warmth and with cordiality. But I cannot conceive any process better calculated to create an anti-Colonial party, to manufacture an anti-Colonial party than this process of subjecting to the scrutiny of the House of Commons year by year, through the agency of taxation, the profit and loss, so to speak, in its narrow financial aspect, of the relations of Great Britain and her Dominions and dependencies.

Then, I think, that this system of reciprocal preference, at its very outset, must involve conflict with the principle of self-government, which is at the root of all our Colonial and Imperial policy. The whole procedure of our Parliament arises primarily from the consideration of finance, and finance is the peg on which nearly all our discussions are hung, and from which many of them arise. That is the historic origin of a great portion of the House of Commons procedure, and there is no more deeply-rooted maxim than the maxim of "grievances before supply." Now, let me suppose a system of preference in operation. When the taxes come up to be voted each year, members would use those occasions for debating Colonial questions. I can imagine that they would say: We refuse to vote the preference tax to this or that self-governing Dominion unless our views, say, on native policy or some other question of internal importance to the Dominion affected have been met and have been accepted beforehand. At present, it is open to the Colony affected to say: These matters are matters which concern us; they are within the scope of responsible self-governing functions, and you are not called upon to interfere. It is open for the Dominion concerned to say that. It is also open for the representative of the Colonial Office in the House of Commons to say that, too, on their behalf. But it will no longer be open, I think, for any such defence to be offered when sums of money, or what would be regarded as equivalent to sums of money, have actually to be voted in the House of Commons through the agency of these taxes for the purpose of according preference to the different Dominions of the Crown, and I think, members will say, "If you complain of our interference, why do you force us to "interfere? You have forced us to consider now whether we will or will not "grant a preference to this or that particular Dominion for this year. "We say we are not prepared to do so unless or until our views upon this or

"that particular internal question have been met and agreed to." I confess I see a fertile, frequent, and almost inexhaustible source of friction and vexation arising from such causes alone.

Then I should like to say that there is a more serious infringement, as it seems to me, upon the principle of self-government. The preferences which have hitherto been accorded to the Mother Country by the self-governing States of the British Empire are free preferences. They are preferences which have been conceded by those States, in their own interests and also in our interests too. They are freely given, and, if they gall them, can as freely be withdrawn; but the moment reciprocity is established and an agreement has been entered into to which both sides are parties, the moment the preferences become reciprocal, and there is a British preference against the Australian or Canadian preferences, they become not free preferences, but what I venture to call locked preferences, and they cannot be removed except by agreement, which is not likely to be swiftly or easily attained.

Now, Lord Elgin, I must trench for one moment upon the economic aspect. What does preference mean? It can only mean one thing. It can only mean better prices. It can only mean better prices for Colonial goods.

Dr. JAMESON: Oh, no. It will make a much larger volume of trade, which is often better than better prices.

Mr. WINSTON CHURCHILL: I assert, without reserve, that preference can only operate through the agency of price. All that we are told about improving and developing the cultivation of tobacco in South Africa, and calling great new areas for wheat cultivation into existence in Australia, depends upon the stimulation of the production of those commodities, through securing to the producers larger opportunities for profit. I say that unless preference means better prices it will be ineffective in achieving the objects in favour of which it is urged.

Dr. JAMESON: Surely if I sell 100 lbs. of tobacco at $\frac{1}{2}d.$ per lb. profit I do much better than selling 5 lbs. at $\frac{3}{4}d.$ per lb. profit. Surely that is very patent.

Mr. WINSTON CHURCHILL: But the operation of preference consists in putting a penal tax upon foreign goods, and the object of putting that penal tax on foreign goods is to enable the Colonial supply to rise to the level of the foreign goods plus the tax, and by so conferring upon the Colonial producer a greater advantage, to stimulate him more abundantly to cater for the supply of that particular market. I say, therefore, without hesitation, that the only manner in which a trade preference can operate is through the agency of price. I am bound to say that if preference does not mean better prices it seems to me a great fraud on those who are asked to make sacrifices to obtain it. It means higher prices—that is to say, higher prices than the goods are worth if sold freely in the markets of the world.

Dr. JAMESON: If you use the words "more profit" instead of "better prices," then that will explain the thing.

Mr. DEAKIN: Wholesale production is always cheaper than retail. It would be a great advantage to our farmers if they could simply increase their acreage at existing prices. On the whole transaction, without the

alteration of a farthing in prices, they then would be much better off, because they would cultivate a larger crop more cheaply, transmit it more cheaply, and get the shipping accommodation more cheaply in bulk. They would get all the advantages of wholesale production instead of retail production.

Mr. WINSTON CHURCHILL: If there is no enhancement of price to be expected on the part of the Colonial producer, why does not he now embark on all these developments which are promised?

Mr. DEAKIN: Because with present supply to your open market that might mean reducing the price below the profitable limit. We are satisfied with the prices of the last four or five years, but if we had produced much more we might have brought it below that satisfactory limit, unless we had a preference. It really amounts to what I tried to put as the wholesale and retail argument without alteration of price.

Mr. WINSTON CHURCHILL: There is an advantage in wholesale production. I am not disputing that.

Mr. F. R. MOOR: A more important point is this, it stimulates the population of your large Colonies where you have such an enormous undeveloped area of country.

Mr. WINSTON CHURCHILL: That is quite true. I am quite ready to admit that the fact that you make a particular branch of trade more profitable, induces more people to engage in that branch of trade. That is what I call stimulating Colonial production through the agency of price. I am quite prepared to admit that a very small tax on staple articles would affect prices in a very small manner. Reference has been made to the imposition of a shilling duty on corn, and I think it was Mr. Moor who said, yesterday, that when the 1*s.* duty was imposed prices fell, and when it was taken off prices rose. That may be quite true. I do not know that it is true, but it may be. The imposition of such a small duty as 1*s.* on a commodity produced in such vast abundance as wheat, might quite easily be swamped or concealed by the operation of other more powerful factors. A week of unusual sunshine, or a night of late frost, or a ring in the freights, or violent speculation, might easily swamp and cover the operation of such a small duty; but it is the opinion of those whose economic views I share—I cannot put it higher than that—that whatever circumstances may apparently conceal the effect of the duty on prices, the effect is there all the same, and that any duty that is imposed upon a commodity becomes a factor in the price of that commodity. I should have thought that was an almost incontestable proposition.

Mr. DEAKIN: Most of your propositions seem incontestable to you, but our experience refutes many of them.

Mr. WINSTON CHURCHILL: In that respect, Mr. Deakin, I enjoy the same advantage of conviction as you enjoy yourself.

Mr. DEAKIN: We do not say our opinions are incontestable. We say they are open to argument and illustration by experience.

Mr. WINSTON CHURCHILL: Here you have the two different sides of the bargain, the sellers and the buyers, the sellers trying to get all they can, and the buyers trying to give as little as they can. An elaborate process of what is called the higgling of the market goes on all over the world between exchanges linked up by telegraph, whose prices vary to $\frac{1}{16}$th and $\frac{1}{32}$nd. We are invited to believe that with all that subtle process of calculation made from almost minute to minute throughout the year, the imposition of a duty or demand for 1,000,000*l.* or 2,000,000*l.* for this or that Government, placed suddenly upon the commodity in question as a tax, makes no difference whatever to the cost to the consumer; that it is borne either by the buyer or by the seller, or provided in some magical manner. As a matter of fact, the seller endeavours to transmit the burden to the purchaser, and the purchaser places it upon the consumer as opportunity may occur in relation to the general market situation all over the world. That is by way of digression only to show that we believe that a tax on a commodity is a factor in its price, which I thought was a tolerably simple proposition. What a dangerous thing it will be, year after year, to associate the idea of Empire, the idea of our brethren beyond the seas, the idea of these great young self-governing Dominions in which our people at present take so much pride, with an enhancement however small in the price of the necessary commodities of the life and the industry of Britain! It seems to me that, quite apart from the Parliamentary difficulty to which I have referred, which I think would tend to organise and create anti-Colonial sentiment, you would, by the imposition of duties upon the necessities of life and of industry, breed steadily year by year, and accumulate at the end of a decade a deep feeling of sullen hatred of the Colonies, and of Colonial affairs among those poorer people in this country to whom Mr. Lloyd George referred so eloquently yesterday, and whose case when stated appeals to the sympathy of everyone round this table. That, I think, would be a great disaster.

But there is another point which occurs to me, and which I would submit respectfully to the Conference in this connection. Great fluctuations occur in the price of all commodities which are subject to climatic influences. We have seen enormous fluctuations in meat and cereals and in food stuffs generally from time to time in the world's markets. Although we buy in the markets of the whole world, we observe how much the price of one year varies from that of another year. These fluctuations are due to causes beyond our control. We cannot control the causes which make the earth refuse her fruits at a certain season, nor can we, unfortunately, at present, control the speculation which always arises when an unusual stringency is discovered. Compared to these forces, the taxes which you suggest should be imposed upon food and raw materials might, I admit, be small; but they would be the only factor in price which would be absolutely in our control. If, from circumstances which we may easily imagine any of the great staple articles which were the subject of preference should be driven up in price to an unusual height, there would be a demand—and I think an irresistible demand—in this country that the tax should be removed. The tax would bear all the unpopularity. People would say: "This, at any rate, we can take off, and relieve the burden which is pressing so heavily upon us." But now see the difficulty in which we should then be involved. At present all our taxes are under our own control. An unpopular tax can be removed; if the Government will not remove it they can be turned out and another Government can be got from the people by election to remove the tax. It can be done at once. The Chancellor of the Exchequer can come down to the House and the tax can be repealed if there is a sufficient demand for it. But these food taxes by which you seek to bind the Empire together—these curious links of

Empire which you are asking us to forge laboriously now, would be irremovable, and upon them would descend the whole weight and burden of popular anger in time of suffering. They would be irremovable because fixed by treaty with self-governing Dominions scattered about all over the world, and in return for those duties we should have received concessions in Colonial tariffs on the basis of which their industries would have grown up tier upon tier through a long period of time. Although, no doubt, another Conference hastily assembled might be able to break the shackle which would fasten us, to break that fiscal bond which would join us together and release us from the obligation, that might take a great deal of time. Many Parliaments and Governments would have to be consulted, and all the difficulties of distance would intervene to prevent a speedy relief from that deadlock. If the day comes when you have a stern demand, and an overwhelming demand of a Parliament in this country, backed by the democracy of this country suffering acutely from high food prices, that the taxes should be removed, and on the other hand the Minister in charge has to get up and say that he will bring the matter before the next Colonial Conference two years hence, or that he will address the representatives of the Australian or Canadian Governments through the agency of the Colonial Office, and that in the meanwhile nothing can be done—when you have produced that situation, then, indeed, you will have exposed the fabric of the British Empire to a wrench and a shock which it has never before received, and which anyone who cares about it cannot fail to hope that it may never sustain.

Dr. JAMESON: Would not it be possible to mitigate this "awful shock" by making some original reservation to provide for these awful possibilities—these emergencies?

Mr. F. R. MOOR: We have it already.

Dr. JAMESON: There are often reservations for emergencies in treaty obligations.

Mr. WINSTON CHURCHILL: It is not a mere question of goodwill on either side. When you begin to deflect the course of trade you deflect it in all directions and for all time in both countries which are parties to the bargain. Your industries in your respective colonies would have exposed themselves to a more severe competition from British goods in their markets, and would have adjusted themselves on a different basis, in consequence. Some Colonial producers would have made sacrifices in that respect for the sake of certain advantages which were to be gained by other producers in their country by a favoured entry into our market. That one side of the bargain could be suddenly removed without inflicting injustice on the other party to the bargain, appears to me an impossibility.

Those are practically all the observations with which I wish to trouble the Conference, and I must say I am very much obliged to members of the Conference for the patience with which they have heard these views.

I submit that preferences, even if economically desirable, would prove an element of strain and discord in the structure and system of the British Empire. Why, even in this Conference, what has been the one subject on which we have differed sharply? It has been this question of preference. It has been the one apple of discord which has been thrown into the arena of our discussions. It is quite true we meet here with a great fund of goodwill on everybody's part, on the part of the Mother Country and on the part of the representatives of the self-governing Dominions—a great fund of goodwill which has been accumulated over a long period of time when each party to this great confederation has been free to pursue its own line of development

unchecked and untrammelled by interference from the other. We have that to start upon, and consequently have been able to discuss in a very frank and friendly manner all sorts of questions. We have witnessed the spectacle of the British Minister in charge of the trade of this country defending at length and in detail the fiscal system—the purely domestic, internal fiscal system of this country from very severe, though perfectly friendly and courteous criticism on the part of the other self-governing communities. If that fund of goodwill to which I have referred had been lacking, if ever a Conference had been called together when there was an actual anti-colonial party in existence, when there was really a deep hatred in the minds of a large portion of the people of this country against the Colonies and against taxation which was imposed at the request or desire of the Colonies, then I think it is quite possible that a Conference such as this would not pass off in the smooth and friendly manner in which this has passed off. You would hear recrimination and reproaches exchanged across the table; you would hear assertions made that the representatives of the different States who were parties to the Conference were not really representatives of the true opinion of their respective populations, that the trend of opinion in the country which they professed to represent was opposed to their policy and would shortly effect a change in the views which they put forward. You would find all these undemocratic assertions that representatives duly elected do not really speak in the name of their people, and you would, of course, find appeals made over the heads of the respective Governments to the party organisations which supported them or opposed them in the respective countries from which they came. That appears to me to open up possibilities of very grave and serious dangers in the structure and fabric of the British Empire, from which I think we ought to labour to shield it. My Right Honourable friend, the Chancellor of the Exchequer, has told the Conference with perfect truth—in fact it may have been even an under-estimation—that if he were to propose the principle of preference in the present House of Commons it would be rejected by a majority of three to one. But even if the present Government could command a majority upon the subject, they would have no intention whatever of proposing it. It is not because we are not ready to run electoral risks that we decline to be parties to a system of preference; still less is it because the present Government is unwilling to make sacrifices, in money or otherwise, in order to weave the Empire more closely together. I think a very hopeful deflection has been given to our discussion when it is suggested that we may find a more convenient line of advance by improving communications, rather than by erecting tariffs—by making roads, as it were, across the Empire, rather than by building walls. It is because we believe the principle of preference is positively injurious to the British Empire, and would create, not union, but discord, that we have resisted the proposal. It has been a source of regret, I think, that on this subject we cannot come to an agreement. A fundamental difference of opinion on economics, no doubt, makes agreement impossible; but although we regret that, I do not doubt that in the future, when Imperial unification has been carried to a stage which it has not now reached, and will not, perhaps, in our time attain, people in that more fortunate age will look back to the Conference of 1907 as a date in the history of the British Empire when one grand wrong turn was successfully avoided.

Sir WILFRID LAURIER: Lord Elgin and gentlemen, I think we have spent nearly a week over this subject, and perhaps the time has come now when we may reach a conclusion upon it. At the opening of this debate I stated that, for my part, I intended at the proper time to move again the resolution which was affirmed by the Conference of 1902. I have listened

with very great interest, as everybody has, and very great attention also, to everything that has been said, and I see no reason at present to change the opinion which I formed then.

Mr. Deakin, in the course of the very able presentment which he made of the case as he conceived it on the part of the Dominions beyond the Seas, referred us to the case of the German Zollverein. Sir William Lyne, who followed, took the same line also. It is certainly a case in point, and the only regret I have, for my part, is that I cannot see my way to accept the policy of such a Zollverein as was adopted in Germany towards the year 1830, if I remember right. Nor do I see that any of the Dominions which are here represented could be in a position to accept that principle. In the case of the German people, commercial unity preceded political unity. With us, political unity exists. We are all subjects of the same Sovereign. The question before us is whether or not commercial unity can also follow. The German peoples when the Zollverein was first introduced, were, if I may use the expression, a mob of principalities. There was quite a number, some 30 or more dependencies of all sizes, some big and some small, and each one had its own Sovereign, with common language, common institutions, and practically the same economic conditions. But they all had tariffs one against the other. There was a customs house at every few miles. When the Zollverein was adopted all this was done away with, and they adopted a common commercial union. They abolished the customs houses, established amongst themselves a system of Free Trade, and established a customs cordon around their own country. If it were possible for us to have a system of Free Trade over the whole British Empire, and a customs cordon around the British Empire, for my part I would accept this as the very ideal of what the British Empire ought to be. I have expressed the opinion more than once, and I will express it again. The Americans have a system of Free Trade amongst themselves covering 45 States now with a population of over 80,000,000 people. The Germans have a system of Free Trade among themselves covering nearly 60,000,000 people. The French have a system of Free Trade among themselves of some 40,000,000 people. If it were possible to have a system of Free Trade covering the whole British Empire with its population of something about 400,000,000, it would undoubtedly be one of the greatest benefits that could be given to the British Empire, and, perhaps, to the world. Unfortunately this cannot be done, and for two reasons. First, the British people, as I understand at present their political opinion, are not prepared to limit their system of Free Trade even to the extent of the boundaries of the Empire. The other reason is, that the self-governing dependencies which are here represented are not prepared to extend the system of Free Trade to the limits of the British Empire, nor even to the extent of their own boundaries. These factors are here before us, and we must accept them as they are.

Mr. DEAKIN: Is not the fact that the British Government raises so large a proportion of its revenues by Customs duties, as do also the several Dominions, a very serious consideration?

Sir WILFRID LAURIER: No. The British Government at the present time do not raise their revenue from Customs, except upon those articles which are luxuries and a fit subject of taxation—spirits, tobacco, wine to a certain extent—but I think wine can be discarded out of the discussion. A large extent of the revenue raised by Customs by the British Parliament is also the subject of Excise duties. It is strictly a subject held by all civilised nations at the present time, as being eminently a source of revenue, and which should be treated for revenue purpeses. We do this in Canada also. We submit spirits and tobacco not only to Customs but to Excise duties, and in

our preference we have eliminated those articles from the preference. We do not give any preference upon British tobacco or upon British spirits.

I was at a point when I said that the Dependencies which are here represented are not in a position to accept this system of universal Free Trade within the Empire. I speak for Canada, and I think I speak for Australia, though Mr. Deakin, Sir Joseph Ward, and all others present, will be able to speak for themselves. In Canada, at present, we have only two sources of revenue, customs and excise—no other. We have no income tax and no direct taxation of any kind. Though I hold as the ideal policy, a policy of Free Trade within the Empire, even if at this moment the British Government were to tell us: "Yes, we are prepared to "give you a preference; that is to say, we are prepared to give Free Trade "all over the Empire," I would not be prepared, for my part, to accept it. If we had Free Trade within the Empire we would have thereby the preference which we all seek for. Our goods would come free, the goods from other countries would become subject to taxation or duty, if I may use the term which Mr. Deakin prefers, and therefore we should have freedom from taxation in the British market. But if the British Government were to tell us in Canada: "We are prepared to adopt Free Trade if you are "prepared to adopt Free Trade, and that will give you the preference you "seek," I should have to say for Canada that we are not prepared to do that because we must insist upon our system of customs duties in order to raise our revenue. If we were to go and ask the Canadian Parliament or people to abandon their present system of present customs' duties for revenue purposes, the whole of the Canadian people would say: "No, we "are not prepared to do that. We must insist upon our present system. What is true of Canada, I think, is also true of Australia; I think is also true of New Zealand; I think is also true of Newfoundland, and also of the Cape, Natal, the Transvaal, and of every Dependency which is here represented. There is the situation. We knew it in 1897, when we adopted the system of preference which we have given to Great Britain. Why did we do it? We did it because we were intensely convinced in the country which I represent that a great advantage would accrue from preferential trade within the Empire. We could not do it in any other way. We gave our preference to the British products in our country. We did it deliberately, and have had no cause to regret it since. So little cause have we had to regret it that, whereas in the first instance the preference was only 15 per cent., one or two years later we increased it to 25 per cent., and, again, have increased it since to 33⅓ per cent. We have revised the tariff during the present Session, or the last Session, which closed a few days ago, and we have maintained our preference of 33⅓ per cent. with one or two exceptions only on limited articles. We have in some cases increased it, and in some cases decreased it; but, on the whole, we have maintained the 33⅓ per cent. This has been adopted without any serious challenge even on the part of the Opposition. Then why have we done it? We did it because we believed in the system of preferential trade, and believed, and now know that, by adopting this system, we would improve our trade, that is to say, we believed that the British people would buy more from us and we would sell more to them, and that has certainly been the result of it.

Mr. Asquith in the course of the remarks which he offered the other day I think did not give the Canadian preference the whole of the benefit to which it was entitled. Discussing our tariff, as it has existed for the last 10 years, he remarked that the incidence of protection so far as regards British trade and American trade was 13 per cent. with regard to British trade, and 19 per cent. with regard to American trade. I do not dispute those figures, but those figures are not exactly leading to a proper appreciation of the policy which we have elaborated. We have done everything that we

could—that has been our policy—to throw the whole of our trade towards Great Britain. We are side by side with a nation—one of the wealthiest and most enterprising nations on earth to-day—the American people. They are of the Anglo-Saxon race, the great commercial race of the world, and if anything they are perhaps more enterprising than their progenitors, and put in perhaps more energy and activity to push their trade than any other nation that I know of. Therefore it is not surprising that in the case of Canada, with a population now of 6,000,000, by the side of a population of 80,000,000 of such enterprising business men as are the Americans, our trade with them should be larger than our trade with Great Britain. First of all they are double in number, being 80,000,000—while you are only 40,000,000. Apart from that they are neighbours. There is no boundary line except a purely conventional one over the whole territory. Their habits are the same as ours, and therefore we are induced to trade and cannot help it by the force of nature. But so far as legislation can influence trade we have done everything possible to push our trade towards the British people as against the American people.

Mr. ASQUITH: May I say I did not in the least dispute that? My object was not, as I think I made clear, in any sense to complain of the Canadian preference; on the contrary, I recognise both its intention and its effect. My point was that natural conditions were such that it was inevitable that the Americans should get the best of it.

Sir WILFRID LAURIER: Exactly. I do not dispute your intention, or the fact that you wanted to give us the full benefit; but I do not think with all your goodwill you reached the point that we have helped British trade in a very considerable degree. In 1897, when we introduced preference to British trade, the British importations into Canada had fallen to 29,000,000*l.* Now they have reached the figure of 69,000,000*l.*, a very considerable increase. Of this there are 16,000,000*l.* upon the free list. We have a very large free list which covers all possible raw materials—everything of the kind. You in Britain are not in the position of selling much of what is on the free list—only 16,000,000*l.*—whereas our imports from the United States of free goods runs nearly to 80,000,000*l.*

Now as to the dutiable goods, you have increased those goods to the figure of 52,000,000*l.*, that is to say upon 52,000,000*l.* of importations from Great Britain into Canada, we give you a preference of 33⅓ per cent., which is certainly a valuable contribution on our part to British trade. Not only have we done it by preference, by legislation, but we have forced our trade against the laws of nature and geography. If we were to follow the laws of nature and geography between Canada and the United States, the whole trade would flow from south to north, and from north to south. We have done everything possible by building canals and subsidising railways to bring the trade from west to east and east to west so as to bring trade into British channels. All this we have done recognising the principle of the great advantage of forcing trade within the British Empire. This principle we recognise. We are bound to say that though the preference which we have given has not done as much, perhaps, for British trade as the British merchant or manufacturer would like, we have told the British people at the same time that there is a way of doing more. There is the preference of mutual trade, and this is what we had in view when we adopted in 1902 the resolution of that year.

Let me read out to the Conference the resolutions of 1902. The first part is in these terms: "That this Conference recognises that the principle "of preferential trade between the United Kingdom and His Majesty's

" Dominions beyond the Seas would stimulate and facilitate mutual com-
" mercial intercourse, and would, by promoting the development of the
" resources and industries of the several points, strengthen the Empire." I think we all can agree with that; but there is a qualification in the next statement: "That this Conference recognises that, in the present circum-
" stances of the Colonies, it is not practicable to adopt a general system of
" Free Trade as between the Mother Country and the British Dominions
" beyond the Seas." We acknowledged, at that time, it was not possible for the Conference to do more than that up to that time—that it was not possible to adopt a system of universal Free Trade amongst us. Then we assert:
" That with a view, however, to promoting the increase of trade within the
" Empire, it is desirable that those Colonies which have not adopted such a
" policy should, as far as their circumstances permit, give substantial
" preferential treatment to the products and manufactures of the United
" Kingdom." Upon the principles which are here enunciated in these three resolutions I think all those here assembled from the Dependencies beyond the Seas are unanimous in agreeing. The next resolution is in these words: "That the Prime Ministers of the Colonies respectfully urge on
" His Majesty's Government the expediency of granting in the United
" Kingdom preferential treatment to the products and manufactures of the
" the Colonies, either by exemption from, or reduction of, duties now or
" hereafter imposed." My friend, Mr. Deakin, speaking on behalf of Australia, has proposed to go one step beyond this and to adopt this resolution: "That it is desirable that the United Kingdom grant preferential
" treatment to the products and manufactures of the Colonies."

Perhaps, on consideration, Mr. Deakin would agree with us, that it would be preferable not to force this, but to keep to the resolution of 1902. We are all agreed at this table—those who come from the Dependencies beyond the Seas—that we have no desire and no intention of forcing a policy which we believe in, upon the British people, if they are not prepared to receive it. I have stated a moment ago that a statement had been made—we heard it in 1902, and we hear it again in 1907—that the Canadian preference has not done as much for British trade as had been hoped for. I repeat, there is a way of doing it? It is by adopting a mutual system of preference. But again, I suppose the British Government represented here may say: "No, we are not
" prepared to do that. We might improve our trade with our self-governing
" Dependencies; but, whilst we might do this, we would disturb the whole
" system of trade and would lose perhaps more than we would gain other-
" wise by disturbing the whole system of trade that we have in this country." This is a question which is not for us. I am not prepared to discuss it at this moment or give it a passing word. This is a matter which is altogether in the hands of the British people, and they have to choose between one thing and the other; and if they think on the whole that their interests are better served by adhering to their present system than by yielding ever so little, it is a matter for the British electorate. First of all, I expressed my own views, and I think I expressed the views of all here assembled, that nothing could be more detrimental to the existence of the British Empire than to force upon any part of it, even for the general good, a system which would be detrimental locally, or might be believed to be detrimental locally. For my part, I would have no hesitation at all in resenting any attempt made to force upon the Canadian people anything which the Canadian people would not believe in even for the broad idea of doing good to the whole Empire. I think the best way of serving the whole is, by allowing every part to serve and recognise its own immediate interests. So far as, and as long as, the interests of the British Empire depend upon this and recognise this principle—that every one of those communities which are allowed the privilege of administering their own affairs by their own parliaments—the best way is to leave to each

parliament to decide for itself, and for the people whom it represents what is best for that community. That is a principle upon which we ought to be all agreed. It is a question for his Majesty's Government. It is a question for the political parties represented here—as we represent the political parties of our respective communities—to determine whether it is better in the interests of the United Kingdom that they should continue this system which they have at present or that they should go as far as, for my part, I would like them to go. Therefore, I have no more to say upon this point. For this reason, I say it is better to agree to stand by the Resolution of 1902, as it was. I am free to say that at that time when we passed this resolution, we were induced to pass it to some extent—I will not say immediately, but certainly influenced in our determination—by the fact that at that time, certain duties had been put upon cereals in a moment of urgency during the war, and we thought at that time that it would be good policy to give a preference upon these. But the British Parliament thought differently, and removed the duties instead of giving us a preference. They thought they owed it to their people not only not to give a preference upon that, but to remove altogether that which they conceived did not perhaps at the time but might have put a burden upon the great mass of the consuming people of the country. For my part, I enter upon no discussion upon the moot point whether the imposition of a duty would or would not increase the price of bread. This is a matter which in some instances might do it, and in others perhaps might not do it. This is a matter which would be altogether regulated by circumstances, and I pass it over to those who have to deal with this question within the United Kingdom.

Having said that much, I come now to the next resolution: "That the "Prime Ministers present at the Conference undertake to submit to their "respective Governments at the earliest opportunity the principle of the "resolution, and to request them to take such measures as may be necessary "to give effect to it." It may be, perhaps, not out of place to say a word as to what has been done with regard to giving effect to this resolution. The third resolution stated this: "That with a view, however, to promoting the "increase of trade within the Empire, it is desirable that those Colonies "which have not already adopted such a policy, should, as far as their "circumstances permit, give substantial preferential treatment to the "products and manufactures of the United Kingdom." What has been done since 1902, during the five years which have intervened, to give effect to this resolution? It is a point which perhaps may be considered here. Canada has done everything which it could do in that respect. Before that time we had adopted the system of preferential trade, and we have maintained it unimpaired. I understand that the South African Dependencies here represented, have also by their system of a commercial union amongst themselves, given a preference to the British products in their own markets. They have given it in the line that Canada has given it, that is to say, covering everything. Now Australia has done something. In 1906, Australia introduced a system of preference. I remark this, that it was not until four years after the Conference of 1902 that Australia did this. Why? Probably because there were difficulties to adjust in Australia.

Mr. DEAKIN: We were then organising our whole Commonwealth Government.

Sir WILFRID LAURIER: You did it as soon as you could. Then according to the figures which were put on the table the other day by

Mr. Asquith, the preference was not a universal preference, such as we gave in Canada for everything, but simply for 8 per cent. of the importations into Australia from Great Britain.

Mr. ASQUITH : It was what Mr. Deakin called a fore-runner.

Sir WILFRID LAURIER : That is to say the preference has been given on some articles and not upon others. In Canada we did it differently; we gave a preference upon everything except those articles which are subject to excise duty. New Zealand, as I understand, has given a preference also, not exactly universal like ours, but covering, as Mr. Asquith stated, 20 per cent. of the British importations. Why was this? Why was not a universal preference given? The economic conditions in Great Britain are not the same as in the different Dependencies beyond the Seas, which are all young nations, and even their conditions are not all alike. They differ in Canada from what they are in Australia, they differ in Australia from what they are in New Zealand, and they differ in New Zealand from what they are in South Africa. That is to say, we are young nations with different local interests in every particular community. In Great Britain the conditions are these, that you have an old settled community, the wealthiest in the world, largely developed, having nothing new to do, but only to press on with what is being done; whereas in our communities we have everything to create; we have manufactures which are new and in a different condition of development. We feel strong enough in Canada to give a preference upon all our manufactured products, and if I understand the theory rightly of the preferential treatment adopted in Australia, and also in New Zealand, they do not feel strong enough to give a preference even on the lines of their own manufactures. I think that is the reason why New Zealand and Australia do not give to the Motherland the whole preference which we give in Canada. I make these observations just to show that it is essential to leave to each community the extent and measure of the preference which it wants to give.

Mr. Deakin has introduced another resolution, and one to which, I, for my part, would subscribe with both hands, and I would like, with some modification to make it the subject of a special resolution, and not an amendment to the 1902 resolution. It is this : "That it is desirable that the "preferential treatment accorded by the Colonies to the products and "manufactures of the United Kingdom be also granted to the products "and manufactures of other self-governing Colonies." I should subscribe with both hands to this, and on behalf of the Government I represent here, and the people of Canada, I would be prepared to enter into an absolute arrangement. Any preference which we give to the Motherland we will give you, expecting that any preference you give to the Motherland you will also give us, and with Sir Joseph Ward's Government and the other Governments we will do the same. That is, so far as it goes, an excellent principle. The communities which you and I represent here have no free trade tariffs. We all levy our tariffs in the same way, by Custom duties, and therefore it is easy for us to extend to all parts of the Dominions of the British Empire, here represented, the treatment which we give to the Motherland. Speaking on behalf of Canada we have offered it to Australia, and are prepared to offer it to New Zealand and to the others here represented.

I am coming to a point which was made the other day by Dr. Jameson with regard to our intermediate tariff. We have revised our tariff this year and have adopted a new principle. We had a two-column principle—a

tariff for general purposes and a preferential tariff. Between the preferential tariff and the general tariff we have now an intermediate tariff. The object of this intermediate tariff is to enter into negotiations with other communities to have trade arrangements with them. It has been supposed that this was to hit our American neighbours. With our American neighbours we should be only too glad to trade on a better footing than at the present time. We are next door neighbours, and in many things we can be their best market, as in many things they can be our best market. We should be glad to trade with them; but it never was intended, nor thought at the time, that this intermediate tariff could apply to the United States. There was at one time wanted reciprocity with them, but our efforts and our offers were negatived and put aside, and we have said good-bye to that trade, and we have put all our hopes upon the British trade now. But there are other nations—France is one and Italy another, with which we could have better trade than at the present time. France has a minimum tariff and we are prepared to exchange our intermediate tariff, if they will exchange their minimum tariff with us. But while giving this intermediate preference, we maintain the system of lower tariff to the Mother Country, and to all our fellow British subjects all over the world. Dr. Jameson made the point that if we were to enter into such an agreement with foreign nations, we would debar the possibility of giving a preference to the Mother Country. Nothing of this kind. Our tariff is not so constructed, and cannot be so held. If we were to make an agreement with France, which I doubt whether we could, France would understand the position; she would take our intermediate tariff knowing at the same time there was a lower differential tariff under all circumstances for the Mother Country and the British Dominions.

Mr. F. R. MOOR: I am sorry to interrupt, but I would like the Premier of Canada to assure us on this point. By that amount which you reduce it to any other foreign power, you reduce your preference with the Home Land.

Mr. DEAKIN: And with us.

Sir WILFRID LAURIER: I do not admit that we would reduce it, it would remain as it is; but the man who trades with us in Great Britain knows that he may have a competitor not upon the same lines, but upon reduced lines from our general tariff.

Mr. ASQUITH: He may have a competitor on the line of the intermediate tariff, if, for instance, you came to an arrangement with France.

Sir WILFRID LAURIER: That is to say, instead of having a margin of 33⅓ per cent, he may have a margin of only 25 per cent. It makes that difference, no doubt.

Mr. ASQUITH: But it cannot alter the quantum of preference.

Sir WILFRID LAURIER: No, it cannot alter the quantum of preference.

Dr. SMARTT: Your tariff is now 33⅓ per cent. If you introduce an intermediate tariff, the preference in favour of Great Britain or the other British Colonies that might reciprocate with you would not be 33⅓, but would be reduced.

Sir WILFRID LAURIER: It could be reduced by 3 and 4, but never more than 5 per cent.; that is to say, instead of having a preference in our market of 33⅓, he would have a preference with regard to that nation say of 28 per cent. That would be the limit.

Having said that much, there is a point I wish to make here. I thought of bringing it before the Conference by way of resolution, but as it is a question which affects Canada and Canada alone, I will not do so, because the other members of the Conference are not interested in it. I stated a moment ago that we do not desire in any way to interfere with the opinion of the British people so far as their fiscal policy is concerned; but, while I say this, and in view of having the best relations possible maintained between the Motherland and the Dominions beyond the Seas, there is one thing, however, which I think we are entitled to, and that is, that we should be treated with absolute fairness. Now we have a grievance, and, I think, a well-founded grievance, in Canada, with regard to the question of the cattle embargo. For more than 20 years the British Government have practically excluded our live cattle from their market on the ground that they were tainted with disease. We resent this in Canada —I use the word "resent" in the hope that it is not too strong—as being unfair, because the assertion is unfounded. Our cattle are absolutely free from disease. Now our exporters of cattle are compelled as soon as the cattle are landed in the port, say, of Liverpool, to have them slaughtered immediately on the pretence that they may spread disease and that they may taint the British cattle. As a matter of fact, everybody knows at the present time we are free from cattle disease. Therefore, day by day, week after week, cattle come in and are slaughtered immediately, and the fact that they are bound to be slaughtered immediately obliges the exporter to take a lesser price for them because of the necessity to find a market on arrival. If the thing were based upon fact, I could have no word of complaint to make, but when as a matter of fact the Canadian cattle ought not to be excluded on that ground, we think that it is a great injustice to us, and one which we have serious reason to complain of. If it were maintained as a ground of policy; if you were to say "We do not want the Canadian cattle to come in in competition with British cattle in the market," that would be quite another matter. That would be a question of policy for the British Government to which we would have nothing to say. But so long as they maintain the position that our cattle are excluded for the reason of the health of the British cattle, it is a position which we resent, and which I bring to the serious attention of the British authorities. We complain that it is unfair to us, that it is not only an injustice, but a slander upon our position. We have a system of quarantine in Canada which is maintained at a very great cost in a state of efficiency, and we maintain that our cattle are just as free from disease as British cattle are to-day. In order to maintain the good relations, now happily welded between the British Empire and Canada and all parts of the Empire—but, I am speaking now of a question which concerns only Canada—I bring this matter to the serious attention of His Majesty's Government. It is a thing which ought not to be allowed. It is a slander upon our good name. It is a thing which rankles in our breast because we know it is not fair, and I go further and I say that it is maintained not upon questions of sanitary precautions but ulterior motives which a Free Trade Government should not allow and uphold.

As I said in opening, I beg to move that the resolutions of 1902 be reaffirmed.

Mr. ASQUITH: Perhaps I may just say in reference to what Sir Wilfrid Laurier said at the end of his speech, that, as regards the Canadian cattle, I

know this to be a very serious matter. I am speaking only for myself and not in the least for the Government when I say that in my character of a Member of Parliament, not as a Minister, I have over and over again urged the argument which Sir Wilfrid Laurier has been urging now, in the same direction and with the same object, concerning Canadian cattle. That was in my private capacity, when I was not in a position of responsibility. As he has indicated, there are a number of conflicting views and conflicting interests here, and I will undertake to bring everything he said to the attention of my Right Honourable friend, the President of the Board of Agriculture, and I will assure him of its importance.

Mr. LLOYD GEORGE: We fought it very hard when we were in Opposition.

Sir WILFRID LAURIER: Fight it hard, then, now you are in the Government.

Mr. LLOYD GEORGE: It shows the difficulty of upsetting a thing when once it is established.

Mr. ASQUITH: It is a very serious question. We do not at all minimise the gravity of it.

Sir WILFRID LAURIER: It is serious; and the discontent will grow in intensity in Canada.

Mr. DEAKIN: Lord Elgin and gentlemen, there is a House of Commons' paper which appears in the "Times" of this morning relating to Imperial trade—No. 133—which appears to be pertinent to the subjects before us. Perhaps it might be included in our Proceedings. It shows the values of the trade of the United Kingdom, Canada, Australia, New Zealand, and British South Africa, in 1906.

Mr. ASQUITH: It was moved for by your friend, Mr. Harold Cox.

Mr. DEAKIN: The mover is immaterial, but the facts are of some interest, and they might as well be added.

Mr. ASQUITH: Put it on the Minutes, certainly.*

Mr. DEAKIN: Yes, it shows the rather curious circumstance that Australia must be an importer to the Mother Country of an exceptional amount of dutiable goods, or, as you would call them, taxable goods. Practically, Canada imports the same as we do. They send 28,000,000*l.* to our 29,000,000*l.*

Mr. ASQUITH: Yours is wine and rum.

Mr. DEAKIN: Canada pays in duty 15,000*l.*, and we pay in duty 106,000*l.*, as against South Africa, 16,000*l.* So that ours is an exceptional position, which I do not think is quite realised.

* For this Return, *see* page 441.

Mr. ASQUITH: The wine and rum accounts for it.

Sir WILFRID LAURIER: How is it explained?

Mr. DEAKIN: The Chancellor of the Exchequer has given the explanation that our wines and spirits—rum particularly—are highly dutiable articles. Nevertheless, it brings out some differences in trade which are rather interesting.

It seemed to me that it would be undesirable that the very striking address of your colleague, the Under Secretary of State, should pass without notice from our point of view, both because it merited criticism in itself, and because it offers so much temptation. May I be permitted to say, first, that among the subjects upon which we hesitate to enter are discussions of the methods of business in the House of Commons, of which, I am sure, Mr. Churchill is a master. It strikes me, as an outer barbarian, that it is rather extraordinary even to suggest that the business of the Empire and its transactions, instead of being dealt with on their merits, and sought for their advantages, are to be limited in order that they may not clash with the procedure maintained in the Mother of Parliaments. As I have said, what that procedure may lack is not for us to discuss; but one would suppose that the efforts of members of that most distinguished of all Parliaments would tend to shape their means of handling their business so as to meet the demands of the Empire. Surely it ought not to be considered an impediment of a serious character that, owing to the way in which budgets may be dealt with in the House of Commons, the introduction of any further financial issues is to be prohibited because they might involve delay and possible friction. I merely mention this to suggest that the remedy ought to be applied to the procedure, and not to the business of the country.

Passing from that, may I say that a similar argument was pushed even further in the direction of what appears to me, with all respect, an artificial plea, that no preference is possible unless it is complete, uniform, and scientifically perfect. All I can say is that I have never yet seen a tariff, and never expect to, that I have never yet seen a budget, and never expect to, in any country of the world, which fulfils those conditions. Of course the ideal is one towards which it is desirable to direct attention. Assuredly the method we pursue in Australia, with which I do not profess to be enamoured, is open to very serious comment if that high standard be maintained. We have a tariff which is very defective, and is about to be revised this year, which will continue defective after its revision, and will never be absolutely uniform, or by any means complete. It will be simply the best rule-of-thumb arrangement we can devise. We have a parallel and related bounty system, which I cite in this connection because it may be perhaps more properly contrasted with our proposals for preferential trade. Our bounty system at the present time is merely a rudimentary tentative proposal, covering perhaps some dozen particular interests which the Parliament of the Commonwealth believes it to be profitable to foster. The treatment we are proposing of the cultures to be encouraged is not, and cannot be, made uniform, and is not, and cannot be, made complete. I am not arguing against completeness or against uniformity. We all realise that those are ends to be kept in view, but if we are to delay action until those are achieved we should wait for ever in each and all of our business enterprises. In matters of trade, speaking for ourselves, with our limitations of knowledge, we have no great faith in abstract or even in concrete doctrines, because the fluctuations of commerce are continuous, and our knowledge of them varies so much from date to date. There are hundreds of different factors, to which Mr. Churchill himself graphically alluded, that come into play irregularly or unexpectedly, and we recognise that these require to be

met by fresh adaptations from time to time. Then, if I may be pardoned for saying so, it did appear to me to be somewhat inconsistent, that Mr. Churchill's argument against preference was based first of all upon an assumption that the duties, or taxes as he prefers to call them, which may be imposed are to come up for review, and are to be the subject of criticism every year. Yet at a later period of his address he referred to any reciprocity arrived at as being embodied in a treaty. This, I should have thought the only practicable means of dealing with this subject. I cannot imagine a reciprocity which would be shifting on one side or the other or on both year by year, and which would thus come up for yearly re-discussion.

Mr. WINSTON CHURCHILL: It is not only a question of Parliamentary procedure. The procedure in Parliament embodies the rights which the Commons of England have won over a thousand years of constitutional struggles, and they are rights which can be asserted, and there is no right more fundamental or more jealously held than the right of criticism of taxation, and I cannot believe that that right would ever be parted from by the House of Commons in whole or in part. That was my point.

Mr. DEAKIN: That was one of the points, but if any reciprocity is to be arranged at all, it must be arranged by a treaty, for three or five years, as both parties might agree. The assent of the British Parliament once given to such an arrangement it certainly could not come under direct review in an effective way until the expiration of that period whatever it was.

Mr. WINSTON CHURCHILL: It would be subject to criticism, but it would be irremovable.

Mr. DEAKIN: Anything is subject to criticism; but it would not be terminable except by mutual consent or at a definite period, and certainly it would not encourage criticism more than the Budget, as a whole, does. There would be a tendency to pull the new plant up by the roots to see if it was growing, but that occurs in regard to the thousand-and-one or rather the ten thousand and many different things affected by or affecting the finances of the country. Criticism we must always have, and I am sure the Under Secretary of State would not be associated with any proposal to limit that criticism. His argument that these proposals, because they are financial, invite criticism, applies to the whole scale of the operations of the Empire. While this Empire continues to grow, its figures and finances will continue to grow. That gives a greater field for criticism or review, but I do not suppose anybody wishes to check the growth of the Empire in order to avoid that criticism. Consequently, that mutual arrangements for mutual benefit are to be deprecated, because they afford temptation to critics and possible friction, is to apply an argument which no one will attempt to push to its logical conclusion. It is a fair debating point to make—but I must relinquish comments of a personal character, as Mr. Churchill has had to leave—that it suggests the indulgence of a riotous imagination when we find the Under Secretary pointing to the natural, the ordinary, the inevitable proceedings in every Legislature as grounds for rejecting a new development of policy, because it must involve a clashing of interests, and the annual review of its incidence by Parliament. Is our party system to destroy everything except itself? Are we to put aside great projects because they are debateable, or close the Empire to avoid friction in the House of Commons? We cannot move without friction, nor live without differences of opinion. We cannot advance without the clash of opposing interests. Every development of self-government, and every growth of our industrial

life, and every extension of the powers of the State, invite criticism and require it. Free criticism is the breath of our constitution. To shrink from great tasks or newer enterprises because of the greater burden they impose upon representatives, and representative institutions, means simply shrinking from growth, and the responsibilities of growth. If we wish one we must take the others. It is impossible for us to become more closely united, indeed, it is impossible for us to develop our own local self-governments in any direction without running more of those very risks which Mr. Churchill has painted with great eloquence and with much force, but as it appears to me, with a momentary oversight, of the fact that he is really condemning our whole system of Government and its adaptability to modern needs. He is criticising, by implication unfavourably, that Parliamentary system which he is ostensibly at the same moment enthusiastically upholding or intending to uphold.

His argument is also fatal to all possibilities of commercial relations, not only within the Empire but without the Empire. You can have no arrangement with a foreign country of any kind based on mutual concessions; you must not even go the length that Canada, South Africa, and New Zealand have ventured to go. You must stop far short of that. You must hesitate before you press for most-favoured-nation treatment anywhere, because that means making discriminations; you will be getting advantages; you will be overcoming disadvantages, but you are bringing yourselves and your relations with them into the arena of conflict. If there are such dangers from friction within the Empire there must be danger from the same commercial friction without the Empire. If his argument is pushed, as it ought to be pushed, a stage further, it means cutting off Great Britain from any business negotiations with her rivals involving possible causes of friction with them, or possible causes of further discussion in the House of Commons. More than that, I should have said in his presence that his argument appears to me to go to the root of the Empire as an Empire. It would isolate Great Britain, not only in trade, but in every other operation forbidding joint action; it would tell against every operation by agreement. It would enforce isolation. I am sure that is not what the Under Secretary of State intended. I am perfectly prepared to be told that he sees where he is going to draw the line, but, I cannot see why, to use his own words, if he follows out the logical deductions of his own argument, he can stop short of a complete isolation of the Mother Country from all her Colonies in matters of trade and commerce, and from all foreign countries. Finally, he has to count with the effect of his disruptive and extreme doctrines of individualism when they come to be applied to any state action whatever, even in this country itself.

CHAIRMAN: I think he spoke specially of food and raw material.

Mr. DEAKIN: He did speak specially of duties on food and raw materials as affording special cause for complaint. This argument applies in either a greater or lesser degree to everything else, although he properly laid most peremptory stress just now upon them. To other duties or agreements about duties as to other forms of political action it applies with varying force. There are matters far from all fiscal connection which might become almost as vital, but it would be idle to pursue this speculation further. As his remarks were general and theoretical from first to last, and as he admitted himself developed a doctrine, I meet them in the same general and rapid way. The interjection of the Chairman is pertinent, since it was upon the treatment of food and raw materials that Mr. Churchill dwelt, but the whole of his thesis as to dangers of friction, delays in the House of Commons, and the other various difficulties he foresees applies of necessity to the whole range of possible political bargains and activities.

As at another part of his address Mr. Churchill alluded to preference as implying what almost amounted to a revoting of any reciprocity each year, another allusion of his mentioned the discussion of reciprocity granted to some particular Dominion. We have not got far on the road of preference in this Conference for many reasons supplied by Ministers themselves, but if we had reached any practical propositions, I do not think any member would have been heard proposing and defending a special grant to each particular Dominion. Sir Wilfrid Laurier has already touched upon this point, incidentally, when he spoke of the scope of Canadian preference, and contrasted it with the more discriminating preferences of Australia and New Zealand. But no one, so far as I am aware, has had in view a particular negotiation with each particular Dominion. What we all had in contemplation, if preference had approached the practical stage, was a general agreement of a simple character at first, which might in time be supplemented and extended. Its enlargement would be based on experience, but, so far as I am aware, no one has projected a separate and independent agreement to be improvised now between the Mother Country and each of the self-governing Colonies.

If the argument of the Under Secretary with reference to the grave Parliamentary risks inherent in dealings with reciprocity or financial proposals is sound it applies already with practically equal force wherever preference has been given. I do not profess an intimate acquaintance with the course of Canadian public affairs, but Sir Wilfrid Laurier will correct me if I am wrong in stating, that so far as I am able to follow Parliamentary proceedings in his country, none of the disastrous consequences which Mr. Churchill painted as inseparable from all tariff adjustments have yet ensued. I am not aware that Sir Wilfrid Laurier has found that every year the preference granted to Great Britain, though it is still unreciprocated, provoking the angry contention, occasioning the great friction, and involving the fierce animadversions upon those concerned in it, which are to accrue in this country if his theory were true.

Sir WILFRID LAURIER: It was in the first year, but it has abated a lot.

Dr. SMARTT: As it would do here.

Mr. DEAKIN: As it would do, I take it, in every other country. Any new course permits misapprehensions and invites challenge in the first place. It has only been partly tried for a short time and is not fully appreciated. Every first essay is likely to call for some amendment to which criticism is properly directed. But listening to the very forcible utterances of the Under Secretary, one naturally looks to actual experience to discover the long chain of very hazardous and serious consequences which he insists must flow in this country whenever these are to be criticised, or upon which comment is possible every year. What is our experience after the granting of preferences? In Canada, New Zealand, and, with a shorter experience, South Africa, we have budgets as controversial, legislators just as sensitive to public opinion, oppositions just as hostile and eager to find material, sections just as able to make use of any weapon in the armoury of parliamentary procedure. We have seen all those forces in play in the politics of Canada for a number of years and in the other Dominions for a certain number of years, without their furnishing us with any single instance of any exceptional abuse or injury due to the existence of their preferences, or indeed of their tariffs. Whence the sweeping conclusions can be drawn as to the effects upon Parliament of the existence of financial relations of this

kind which Mr. Churchill depicted as not in these Dominions it is impossible to guess. Consequently, I venture to submit that his view of parliamentary proceedings is as abstract as his view of the economic considerations which he afterwards urged. In that field, I do not propose to follow him, because I have already indicated that our own experience teaches us that the field of abstract economics is as far from the actual practical considerations which operate in the daily working of our financial and legislative expedients as are the principles of pure mathematics from the daily labours of a carpenter or joiner. It is true that those principles are all implied in his handling if you search for them far enough. In all he does, and in every motion his body makes, he obeys what we are pleased to call the laws of nature. But doctrines collected into an abstract system, whether of political economy or mathematics, really apply only outside this world of limitations, of sense and experience. Undoubtedly they have a certain application within it if you can get your theory to exactly agree with all the conditions of a particular set of circumstances; as a matter of practice, to dwell upon them leads to confusion and beating the air, while the study of the actual consequences of our own acts, in our own surroundings, or for their action and re-action as discovered in facts and experience, is, so far as we can judge, the only method which it is safe for politicians with business, and practical men of every calling to employ.

Really when the Under Secretary went on to speak of the possibility of sullen hatred (a phrase he repeated on more occasions than one), being aroused by the existence of preferences if they were found to be burdensome, and of darkly revolutionary proceedings which were to ensue, he again entirely ignores our own experience. There were oscillations in the opinions of the public of my country before they settled down finally to our accepted policy, oscillations which we frequently witnessed in Australia while we had six States all pursuing much the same experiments—fiscally now in favour of higher Protection and then in favour of lower duties towards Free Trade. I do not think that the temperature of politics is any lower in the Commonwealth and its States than elsewhere. I might even be prepared to maintain the contrary from my own personal experience. But in the bitterest struggles that we have ever had upon exactly the matters on which Mr. Churchill dwelt so strenuously, when we were charged with taxing the food of the people and taxing the raw materials of manufacture, and particularly the implements of agriculturists, all these contentions though fought out with the greatest bitterness politically at the moment, have vanished and will leave not a trace behind. There was no time at which they severed the ordinary relations that obtained between Members of Parliament who held the most absolutely diverse views. At no time have our factions shown more than the usual amount of resentment which accompanies differences of opinion. We have been through the precise experience which the Under Secretary of State has had to imagine for himself as occurring in this country in the future under the application of preference. The reality bears no resemblance to his nightmare. Our tariff has been handled, and it has been handled a great deal; when we had six States, some State or States were always "tinkering" with their tariffs. We have had experience of pretty well every kind of fiscal experiment that can be devised, and every kind of strife that can arise out of it, but we have found nothing whatever in our own actual experience to justify Mr. Churchill's morbid anticipations. I venture to say that in a country of this kind, with its more established institutions and greater population, with a power of more easily resisting relatively small sections greater than we possess, although it seems almost an offensive thing to say, I have absolute confidence in the House of Commons and of its capacity to sustain quite as much strain as we have so long experienced, and probably a very great deal more.

Those who followed Mr. Churchill closely will acquit me of, at all events, consciously distorting or exaggerating his arguments, and have pursued them very little further than he took them himself. Every one of his contentions was followed up only to a certain point, and fell very far short of its reasonable application. All his arguments right through, that friction in Parliament is undesirable, that constant discussions on financial matters, especially taxation, is relatively unprofitable and to be deprecated, that the arrangement of financial relations which are to the loss of one party and to the profit of the other are certain to aggravate the losing party—all those things were true, but were magnified and exaggerated so beyond all measure—that they temporarily hypnotised the Under Secretary, as he with his eloquence was hypnotising us. It is as a protest that I venture to urge that after all preference proposals do not differ materially from the ordinary financial proposals of each year. They may not match those contained in the recent Budget of prosperity which the Chancellor of the Exchequer has delivered, but belong to a class of proposals which this country will have to face as every other country has to face them when times of depression come, when income is short and has to be sought by new modes, when fresh departures have to be taken as they have been taken in our country in connection with land taxation, income taxes, and imposts generally of that sort. In regard to these, feeling does become heated and very fierce for a time, but it is only for a time. The same experience has to be gained in this country. There is nothing to differentiate essentially your dealing with preference from your dealing with other financial questions. No preference is proposed in perpetuity. Yet one argument of the Under Secretary seems to suggest that he was thinking of a preference that could not be departed from and to which no term was fixed, whereas other parts of his address showed that he realised that they were only treaties for fixed times, and bound to be reviewed, though during currency they were capable of being reviewed only by consent. I do not know whether that consent would ever be sought or given, but am perfectly certain that no self-governing community would entertain the project of parting with its rights over its own taxation for more than a very limited period. Each of the Dominions, having entered into a treaty of reciprocity for a limited period, would hold to it without undue exacerbation on the part of its politicians or people. We have tried it and therefore know. As a matter of fact, we have faced precisely the same kind of problems, precisely the same class of irritating questions, as Mr. Churchill considers preference must be. It has its risks like every proposal. It has all the risk of every movement forward. If you sit still you are comparatively safe; directly you advance you incur the chance of collision with obstacles; but every day we have to move individually. Every year let us hope our communities will move, and move onwards. Unless we are going to forego all advance we must take the consequences, the accompaniments of advance, namely, increase of responsibility. For my own part I should be very sorry to see any doctrine adopted which suggests that it is intended to wrap the British Empire in a napkin in case it should catch cold. To treat it as if it possessed so tender a cuticle that it could not be touched without permanent and fatal irritation, is to brand it as a poor organism incapable of coping with the ordinary difficulties in its path, or the necessary ailments which come from abuses or mistakes. I do not say that working out a complete and uniform and perfect system of preference is an easy thing. I only say that none of us believed or expected it can be done until after years of experience, but what we would have been quite satisfied with now would have been an experiment, no matter how small, so long as it was genuine, something tentative, something modest, even if only made by means of reductions of existing duties. We wish for something that will enable us to test experimentally, as for my part I think we ought to test these and other

similar suggestions. Mr. Lloyd George generously admitted in his interesting and able speech that mutual trade has its advantages, and that any proposition for its extension requires to be kindly and sympathetically handled. So far as his own position permitted him I think he did handle it sympathetically. I regret that at the conclusion his substitutes for preference were not more positively defined. We are still left in complete uncertainty in regard to his intentions except from a very general indication. But I quite recognise that the tone of his remarks indicated an anxiety to find a means wherever means were possible to him. I regretted to notice, therefore, that the Under Secretary of State for the Colonies, like the Chancellor of the Exchequer, although repeating the same view, did place another accent upon it. He seemed to convey the idea that the way even for practical experiments, for practical tests of the smallest, the simplest and most tentative kind, is absolutely barred by reason of certain beliefs which they entertain in regard to what they call the laws of political economy. That is unfortunate, because it makes argument useless; it brings you right up against a wall. When a man is prepared to argue on the facts and from figures, as the Chancellor of the Exchequer did at great length and for the greater part of his address, you have something which appeals to one's judgment, and to which you can hope to make some kind of reply dealing with the same kind of material, in the hope of convincing him; but there is no hope of convincing a man who starts out with an orthodox faith which tells him beforehand what can or cannot be done and what can or cannot be believed, which makes everything not included in that faith heterodox unbelief, neither to be weighed nor balanced, but to be banished to the nethermost pit. That kind of dogma forbids argument, or even if argument is employed makes it absolutely useless. I hope we bring an open mind to this question ourselves. We have been asked what we will do if Free Trade is proposed to us. All I can say is, we should argue the question out on its merits. For my part, if the Imperial Government at any time said: "We are prepared to enter into "complete free trade between ourselves and the Colonies, and to impose "a tariff against the outside world," I should say that it is a proposal, if put into practical shape, which would be worth the very best consideration of all the Dominions. Everything would depend on the tariff which was intended to be imposed against the outside world. That is the first point. In the second place, almost everything would depend upon the capacity of each part of the Empire to supply the void which would be made in its finances by the loss of the customs' taxation upon which at present we all rely. Apart, therefore, from our own industrial development, such a project would mean a revolution in Colonial systems and methods of taxation.

Mr. LLOYD GEORGE: Exactly, as preference means a revolution in our fiscal methods—there is no doubt about that. It is perfectly clear if you put a tax upon corn, you have to put a tax on every foreign commodity that comes into this country. Our system would be revolutionised. Instead of being a system of what we call Free Trade, it becomes a Protective system.

Dr. SMARTT: But you had a tax upon corn, and the argument shows it had no effect in increasing prices.

Mr. LLOYD GEORGE: I know, but we had to take it off. Even a Conservative Government had to take it off because they recognised the impossibility of keeping up a tax of that sort without putting it on all round.

Mr. DEAKIN: Surely there must be some proportion kept between cause and effect? Let me refer to one of your arguments, which is fair, but cannot be applied either as immediately or as strongly as you applied it; that is the argument that you cannot give a little without being obliged to give a great deal more. First, we cannot argue it, because that depends upon yourselves. Looking at the Commonwealth, if you tell us if we do something, we will have to do a great deal more, I say, my experience does not warrant that conclusion. It is perfectly true a new start may establish a tendency, if it is successful, encouraging you to go further, but if it is not successful it establishes a tendency to go back. We have gone back when we have thought we have made a mistake, and gone forward when we have thought we have made a success. When you start interfering with your industrial or economic system, even to improve it, you encourage demands from other portions of your community who wish to share the same advantages which they believe others receive. That is quite true. But really that is a contention which can be so universally applied against every legislative project and proposal, no matter what it may be, that it has no particular force when associated with this proposal; at any rate, no more force than it has when associated with every form of legislative proposal. In some cases it would have less, and in others more force, but it is never more than a guess.

Mr. LLOYD GEORGE: May I just point out this — and one of Mr. Chamberlain's friends, Mr. Bonar Law, said it recently — that Mr. Chamberlain's idea when he started was not to go in for a general protective system, but purely to set up a system of preferential trading with the Colonies on the basis of a tax on corn; but he found when he looked at the whole problem that the demand for protection would be irresistible, and he tacked on a general system of protection to the preferential proposals.

Dr. JAMESON: That is a general system of protection, and not a general tariff with a view to giving preference to the Colonies. There is always this horrid word "protection."

Mr. LLOYD GEORGE: I said yesterday I do not want to quarrel about words. I will use the word "tariff." I do not want to beg the question by using words you do not accept. I only state the fact that Mr. Chamberlain found the demand would be irresistible, and he had really to supplement his proposals by a proposal for a general tariff. That was really the meaning of the Glasgow speech.

Mr. DEAKIN: May I come back to my argument in this way?—the proposal for a preferential tariff will benefit the Colonies. The people of Great Britain say it is a very admirable thing to benefit the Colonies, but then begin to ask why should not we benefit ourselves at the same time and in the same way.

Mr. LLOYD GEORGE: They do not say so as a matter of fact.

Mr. DEAKIN: That was Mr. Chamberlain's line of advance.

Mr. LLOYD GEORGE: Yes, that was Mr. Chamberlain's proposal, and I think he did it under pressure. I am sure he was keen about the other.

Mr. DEAKIN: Then it was said: "If that is good for the Colonies it is good for us."

Mr. LLOYD GEORGE: It was said under pressure.

Mr. DEAKIN: The people who influenced Mr. Chamberlain said, "You are doing something for the Colonies by means of duties; had not you at the same time better do something for us?"

Mr. LLOYD GEORGE: That was their view.

Mr. DEAKIN: That is a perfectly legitimate view, but if it applies to him, as far as I understand your argument and that of your colleagues it does not apply to you. You and those in agreement with you do not think these duties are going to benefit the Colonies. If you give them at all it would be a concession of a more or less sentimental character. Hence, if you think they will not benefit the Colonies you will not think it will benefit your own people.

Mr. LLOYD GEORGE: To put it frankly, no doubt a duty on corn and meat would be unpopular. I do not suppose anybody in this country would controvert that proposition for a moment on the other side.

Mr. DEAKIN: That is if it was sufficient to raise prices.

Mr. LLOYD GEORGE: Well, the reluctance with which the Conservative party have taken up even the 2*s*. duty is the best proof of that. And Mr. Chamberlain, he being the astutest politician we probably have seen in my time in this country, saw at once he could not get the country to take that pill without gilding it with something else. That is what it means. I am sure the people in this country would never look at the idea of a duty on corn or meat unless they become Protectionists on general grounds, and want to exclude foreign manufactures.

Sir WILFRID LAURIER: Do you think there is any use in protracting this discussion?

Mr. DEAKIN: Beyond the fact that it is very interesting, I do not know that it would help the immediate purpose before us. But I do not want to shrink from any question the Minister wishes to put, and to meet, as best my poor resources will allow, any argument he submits. Our difficulty, of course, is, and I think the Minister most amply recognised it yesterday, that we each start with certain pre-suppositions, whether derived from experience or education, and are always coming back to them. We have neither time here nor the means to get at those and deal with them finally. It is always an engagement of outposts which we are maintaining. We cannot get at the heart of the question in a meeting under the pressure that exists here.

My excuse for having addressed the Conference again to day, is that I was not willing that an address so forcible and so well put as that of the Under-Secretary of State for the Colonies should pass without criticism from our point of view. My general answer to his thesis is summed up in the proposition that he is like the medical man who confines his patient to an invalid chair because, if he takes exercise or performs his natural duties, he runs a risk of complications, of catching cold, of all kinds of diseases and imaginable physical accidents. I admit his aim. If you can get the British

Empire into an invalid chair, you may save it from a certain number of risks, though I think those you invite by this treatment will be more serious, because debility of body threatens more dangerous results than healthy natural occupation or exercise. Especially will it be found more depressing than a real effort to act in concert with its children. I do not say we would not make mistakes, and would not have sometimes to retrace our steps because we had temporarily overshot the mark, but we should be going on, and have the satisfaction of correcting mistakes and counting our successes, which I believe would far overbalance those mistakes. Ultimately we should arrive at co-operative action by such means, among others, as the Board of Trade have suggested. Every time I have touched this question I have from the first included improved cable communication, mail communication, and the diffusion of commercial intelligence, the multiplying of commercial agencies in the country all as parts of one system. I have never severed them. Preferential trade, with me, means all those things, as well as promoting our dealing with each other's commodities. Speaking for the Commonwealth, I shall welcome all or any of them, not as substitutes but accompaniments, necessary parts of the same scheme and the same doctrine, only accomplished in a different way, which appears to you more acceptable than our first means. We want to use all means, and in that regard I welcomed your speech as a hopeful augury that we shall obtain from you before we part the positive proposals in a definite shape which are to further that Imperial unity which I am sure you desire.

CHAIRMAN: May I remind the Conference that Sir Wilfrid Laurier, at the beginning of his remarks, put a specific proposal before us. He said that he wished to move that the Conference should re-affirm the principle of the resolutions of 1902, and I think I am right in saying that he proceeded to say that he thought he could say for all the Dominions beyond the Seas, that they were agreed to the first three of those resolutions of 1902. If the Conference desires, I shall follow the precedent of 1902, and ask for the opinion of each Colony for and against. But assuming there was no dissent at that moment—assuming that the proposition of Sir Wilfrid Laurier is correct and that those representing the Dominions beyond the Seas are agreed with the principles of the first three resolutions, I have to say that as far as His Majesty's Government are concerned we have nothing to say in regard to the second or third. With regard to the first we cannot give our assent so far as the United Kingdom is concerned to a re-affirmation of the first resolution in so far as it implies that it is necessary or expedient to alter the fiscal system of the United Kingdom. That would be our position, and if the other members of the Conference wish to re-affirm the resolution we should have to state here that that is our opinion.

Then I understood that Sir Wilfrid Laurier proceeded to urge that the following resolution proposed by Mr. Deakin, which stands fourth on the Australian list, was one which he would desire to support and recommend to the Conference. I have to say on behalf of His Majesty's Government in regard to that resolution, namely, "That it is desirable that the preferential "treatment accorded by the Colonies to the products and manufactures of "the United Kingdom be also granted to the products and manufactures of "other self-governing Colonies"—that we have no objection, of course. We recognise its advantages so far as the Colonies choose to adopt it, but it is a matter essentially for their consideration. Sir Wilfrid Laurier then said that he desired not to support the final resolution of Mr. Deakin.

Mr. DEAKIN: He preferred No. 4 of 1902.

Sir WILFRID LAURIER: Yes.

CHAIRMAN: We also cannot accept that resolution; but the resolution that we would desire to put before the Conference is in accord, I think, with the general tenour of Sir Wilfrid Laurier's remarks, and it is to this effect: "That this Conference, recognising the importance of promoting greater "freedom and fuller development of commercial intercourse within the "Empire, believes that these objects may be best secured by leaving to each "part of the Empire liberty of action in selecting the most suitable means "of attaining them, having regard to its own special conditions and "requirements." That is the resolution which His Majesty's Government would desire to put as summing up this discussion.

I do not know how I am to deal with the further resolutions before the Conference from New Zealand and the Cape; but I suppose it would be, at any rate, desirable for the Conference to settle these that are now submitted by Sir Wilfrid Laurier with the addition which I propose first, and if there is anything else which has to be added the other Colonies will then mention it.

Mr. DEAKIN: Let me simplify matters by saying that in order to obtain what, I hope, will be unanimity, I have no objection to accepting the proposal No. 4 of the Conference of 1902, instead of the new proposition. We put it in other words for the purpose of separating the fiscal relations between the Dominions themselves and the relations with the United Kingdom more distinctly. I accept that proposal, and if Sir Wilfrid Laurier moves the whole of the resolution, shall be happy to support it.

Sir WILFRID LAURIER: I move the resolution of 1902 and Mr. Deakin accepts the fourth resolution in preference to his own for the sake of unanimity. With regard to the resolution moved by Australia: "That it is desirable that the preferential treatment accorded by the Colonies to the "products and manufactures of the United Kingdom be also granted to the "products and manufactures of other self-governing Colonies"? I say that I think the Chairman's idea an excellent one and I am ready to support it. I think it might be the substance of another resolution, and not this one. Therefore, so far as I am concerned, I propose to adhere to the resolution I have moved. The point raised by Lord Elgin, I think, is well covered in the last words of the fourth resolution: "That the Prime Ministers of the "Colonies respectfully urge on His Majesty's Government the expediency of "granting in the United Kingdom preferential treatment to the products and "manufactures of the Colonies, either by exemption from or reduction of "duties now or hereafter imposed." We do not impose or wish to have the appearance of dictating, but if preferential duties are imposed we should have a preference in respect of them. The point raised by Lord Elgin is well covered by that.

CHAIRMAN: No. 4 would be met by new resolution.

Sir WILFRID LAURIER: I say resolution No. 4 covers the idea that you have in your mind, that is to say, each party should be left to determine for itself what is best. We are unanimous so far in this, but the British Government tell us, No, we are not prepared to admit the system of preference. We say, We do not ask you to admit it now. It is for you to decide, but whatever duties you do impose we ask for a preference upon them. That leaves you to determine hereafter whether you put new duties or not. That is really the subject between us, and it seems to me the resolution of 1902 substantially meets the objection you have at the present time. I re-affirm, and all the Colonies affirm here, that we have no intention at all of dictating that the Government should put new imposts which they do not want to, but if they do put them, we should have preference upon them.

CHAIRMAN: I am afraid I should not be able to accept it for the resolution I propose.

Sir WILFRID LAURIER: There is a line of cleavage.

Mr. DEAKIN: If we withdraw No. 4, and accept the resolution which Ministers propose, it would mean an absolute retreat from the position of 1902.

Dr. JAMESON: Besides, Lord Elgin will not agree to No. 1 either. I hope the Governments will vote. Lord Elgin has told us he cannot.

Mr. LLOYD GEORGE: How can we? It is for the Prime Ministers of the self-governing Colonies.

Sir JOSEPH WARD: I agree with the latter portion of the resolution moved by Mr. Deakin, that it is desirable that preferential tariffs should be included.

Mr. DEAKIN: We will do that separately.

Sir JOSEPH WARD: When those are disposed of, does that mean the disposal of the other resolutions entirely, without submitting them to the Conference?

Dr. JAMESON: No.

CHAIRMAN: No; I said at the beginning I should ask everyone.

Sir JOSEPH WARD: Because I want to move my resolution with an omission from it, which I hope will give us unanimity upon it, irrespective of the others.

CHAIRMAN: Very well. Had not we better dispose of the others first?

Sir JOSEPH WARD: Certainly. I should like to support the resolution of Sir Wilfrid Laurier and also the proposal of Mr. Deakin when it comes up separately.

Dr. JAMESON: On behalf of the Cape, the first resolution of the Cape is exactly as proposed by Sir Wilfrid Laurier at present, and we will not press that. With regard to the second resolution originally put by the Cape, I do not want to press that at all. As I explained in the remarks I made, it was more or less a warning, and I will not press it.

Mr. DEAKIN: It was a very proper thing to call attention to.

Dr. JAMESON: That was the intention of it—to call attention.

CHAIRMAN: With regard to our position, I spoke of the three first resolutions because I think Sir Wilfrid Laurier dealt with them in his speech at first.

Sir WILFRID LAURIER: No; I said I moved the whole of those resolutions of 1902, but then I stated that, with regard to three of them, there

was no difference of opinion between us. With regard No. 4, Australia moved something else which Australia has now withdrawn.

CHAIRMAN: Then I made my remarks based upon the remarks you made on the first three. It does not seem to me to make much difference, but the inclusion on your behalf of the whole four is subject to the same reservation which I read on behalf of His Majesty's Government: "His "Majesty's Government cannot give its assent so far as the United Kingdom "is concerned to a re-affirmation of the resolutions of 1902, in so far as they "imply that it is necessary or expedient to alter the Fiscal system of the "United Kingdom." Of course No. 4 comes from you all as Prime Ministers of the Colonies. We do not make any representation, and you are quite at liberty to make that representation, but we make this affirmation at the end.

Sir WILFRID LAURIER: Certainly, we cannot take exception to that You state your position and we state our position. It is carried with this understanding.

CHAIRMAN: Does anyone wish it to be put? Is that carried?

Sir WILFRID LAURIER: It is carried.

Resolution VI., p. vii.

CHAIRMAN: Now, with regard to the resolution which I now submit.

Mr. DEAKIN: My second resolution is: "That it is desirable that the "United Kingdom grant preferential treatment to the products and "manufactures of the Colonies." That comes in because we are adopting down to No. 4 which does not include that. What I move now, is: "That "it is desirable that the preferential treatment accorded by the Colonies to the "products and manufactures of the United Kingdom be also granted to the "products and manufactures of other self-governing Colonies."

Sir WILFRID LAURIER: In principle I am ready to dispose of that, but I am willing to modify the language.

Mr. DEAKIN: What do you propose?

Sir WILFRID LAURIER: I am not prepared to draft it to-day, but it would be that we should have reciprocity. If a Colony does not give any preferential treatment to the Mother Country, the resolution would not apply perhaps.

Mr. DEAKIN: This was not intended to prevent that, it was only a general affirmation of a desirable thing.

Sir WILFRID LAURIER: I think I agree with you, but I would like it to stand for a day. The principle suits me altogether, I may say.

CHAIRMAN: There is some confusion I think. We must put this resolution: "That this Conference recognising the importance of attaining "greater freedom and fuller development of commercial intercourse within "the Empire, believes that these objects may best be secured by leaving it "to each part of the Empire, liberty of action in selecting the most suitable "means for attaining them, having regard to its own special conditions and "requirements."

Mr. DEAKIN: Personally, I do not object to that in principle, but I do not know that it affirms anything.

Dr. JAMESON: You cannot either object or affirm.

Sir JOSEPH WARD: If you add to that "and that every effort should "be made to bring about co-operation," then I think we could all support it.

Mr. DEAKIN: Where would you put those words? They are better.

Sir JOSEPH WARD: At the end.

Mr. DEAKIN: Anything after "co-operation"—do not you want "between them," or something of that sort.

Dr. JAMESON: This puts us in a perfectly absurd position. It does not really negative, but any one can read a negative into this, to the resolution we have just passed of 1902.

Mr. DEAKIN: Do you think so?

Mr. LLOYD GEORGE: I do not think so. You have expressed your opinion that this is your way of co-operation, but we suggest other methods of arriving at the same end. It is not a negative at all.

Sir JOSEPH WARD: I suggest that these words be put in: "and that "every effort should be made to bring about co-operation in matters of "mutual interest."

Mr. LLOYD GEORGE: Yes.

Sir JOSEPH WARD: We are in co-operation on defence, emigration, and naturalisation.

Mr. LLOYD GEORGE: And for trade, too, we can co-operate.

Sir JOSEPH WARD: If you put that in I will support it.

Mr. LLOYD GEORGE: Certainly, by all means.

Sir JOSEPH WARD: "And that every effort should be made to bring "about co-operation in matters of mutual interest."

Dr. JAMESON: May I be allowed to say a word about this. We, all the self-governing Colonies here represented during the last six days, have affirmed our belief in preference. His Majesty's Government during those six days have affirmed their belief in no preference. We are each to have liberty of action, and now we say we are both right.

Mr. LLOYD GEORGE: No.

Dr. JAMESON: That is the position.

Mr. LLOYD GEORGE: We are to co-operate within the limits we have set down for ourselves. That is all, surely. Dr. Jameson does not say

co-operation is impossible because we do not take the same view about fiscal matters. It would be a very sad thing for the Empire.

Dr. JAMESON: I should be delighted if Sir Joseph Ward's suggestion of co-operation is put. I would vote for it with both hands without this first part.

Mr. DEAKIN: Dr. Jameson wants this without the preamble.

Sir JOSEPH WARD: I think the preamble is all right.

Dr. JAMESON: This puts us in a ridiculous position. We have said the members of this Conference outside His Majesty's Government are in favour of preference as a method of the unity or whatever you like to call it. His Majesty's Government gives a direct negative, and we are both to vote for liberty of action. It is quite true we have liberty of action, so it means nothing. We all agree we are to have liberty of action, but what is implied in this is that we are voting Yes is No, and No is Yes.

Sir JOSEPH WARD: I do not quite see that, for this reason. We, the whole of us, affirm that we reserve the undoubted right for our self-governing Colonies to do what we think right in our own borders, and we will, none of us, give it up. The British Government say exactly the same thing. It is evident they cannot vote for preference. It is equally evident that we all voted for preference. You cannot do more than to make a declaration as to what you want. Unless we are unanimous and all agreeable to enter into preference treaties and systems, you cannot get a preferential treaty. That is a certainty. There is not much to be gained by saying we make a declaration in our speeches—which we have all done,—and when it comes to a resolution we are all going to vote one way and the British Government the other. It follows, as a matter of procedure, that if they do not vote we cannot get preference unless they assent to it. So I want to bring about the feeling of co-operation at the end of the resolution, believing there is to be more done in the future, and that we cannot do everything to-day.

CHAIRMAN: I do not wish to raise unnecessary objections in the least. Perhaps, with the prudence of a Scotsman, I rather wanted to see it in writing. I have seen it in writing now, and we have no objection to adding those words proposed by Sir Joseph Ward.

Dr. JAMESON: If Sir Joseph Ward will allow me to answer what you have said, it seems to me this would have been an admirable resolution before we started the question at all, whether there should be preference or not. We ought to start on that basis because we all believe it; but having gone on that and come to absolutely opposite positions, to now bring in the liberty of action surely is absolutely useless, and the only reason it can be brought forward is to emphasise the fact that all we have done is not worth anything.

Sir WILFRID LAURIER: I think, on the contrary, His Majesty's Government has come a good way down to meet us here. They say, "Very "well, we accept the resolutions you have just affirmed, but we want each "party to be left to decide how to do it."

Mr. LLOYD GEORGE: Yes, but let us co-operate where we can.

Dr. JAMESON: Outside the preference question this would be admirable.

CHAIRMAN: To make it clear, I wish to say that we do make a reservation with regard to those resolutions.

Sir WILFRID LAURIER: Exactly.

Mr. LLOYD GEORGE: We each state our respective positions and end up by saying: "Now let us co-operate within those limitations."

Dr. JAMESON: Why not a resolution of co-operation.

Mr. DEAKIN: Is it not possible for us to take Sir Joseph Ward's suggestion as our starting point instead of our conclusion, and then adopt the language or a good deal of it here, so that it will read this way: "That "every effort should be made to bring about co-operation between the "several parts of the Empire subject to the complete liberty of action of "each in selecting the most suitable means for attaining it." That comes to the point. Every effort should be made to bring about co-operation—that is a positive proposal—between the different parts of the Empire subject to the liberty of action of each in selecting the most suitable means of attaining it.

Mr. LLOYD GEORGE: The only thing Mr. Deakin leaves out is, "promoting greater freedom," and so on.

Mr. DEAKIN: We have that in our first resolution of 1902.

Mr. LLOYD GEORGE: But that refers to one method only.

Mr. DEAKIN: Yes, that was "stimulate and facilitate."

Mr. LLOYD GEORGE: That is by one method. We want other methods as well. Your opinion is that this is the best. We made it quite clear what our opinion is, and then we end up by saying, "Let us do our best to promote "commercial intercourse within the Empire, reserving to each party perfect "freedom of action as to the best means of doing it."

Sir WILFRID LAURIER: I am satisfied to have the resolution as amended by Sir Joseph Ward.

CHAIRMAN: We must adhere to that position.

Mr. LLOYD GEORGE: I think if we can get a unanimous vote it would be all the better, because, I think, Mr. Deakin is not very far from this resolution.

Mr. DEAKIN: How would this do: "That every effort should be made "to stimulate and facilitate mutual commercial intercourse by co-operation "between the several parts of the Empire, subject to the liberty of action of "each in selecting the most suitable means for attaining it?" It puts the co-operation in the forefront. This other resolution opens with a general statement which does not appear to apply to anything, and then follows a particular proposal.

CHAIRMAN: We have asked the Chancellor of the Exchequer if he can come over. In the meantime, if there is a point you wanted to speak to about your own resolutions we might take it.

CARRIAGE OF BRITISH GOODS IN BRITISH SHIPS.

Sir JOSEPH WARD: I want to see if I can get my resolution unanimously agreed to. I want to suggest an alteration in it. The affirming of the resolution of 1902, as proposed by Sir Wilfrid Laurier, to which I agree, as I think it is the best thing under all the circumstances to-day, removes the necessity for independent resolutions being moved by any of the self-governing Colonies; but I would like to slightly alter this resolution, in the hope that it may meet with at least a good send-off from this Conference. I want to suggest: "That it is essential to the well-being of both the United "Kingdom and His Majesty's Dominions beyond the Seas that in the "transport of goods to the over-sea Dominions efforts in favour of British "manufactured goods carried in British-owned ships should be supported by "this Conference." I want to affirm the desirability of carrying British manufactured goods in British ships, if we can, and I should think the Conference generally would be able to assist to that.

Sir WILFRID LAURIER: I would add "as far as practicable" after the word supported—"That it is essential to the well-being of both the "United Kingdom and His Majesty's Dominions beyond the Seas that in the "transport of goods to the over-sea Dominions efforts in favour of British "manufactured goods carried in British-owned ships should be supported as "far as practicable."

Mr. F. R. MOOR: Are not we getting into confusion? We might deal with one thing at a time.

CHAIRMAN: We were only taking this to fill up time.

Sir WILFRID LAURIER: So far as Canada is concerned I am disposed to agree to this. Perhaps Sir Joseph Ward will agree to my suggestion of the word "desirable," instead of "essential." In Canada a resolution was introduced to limit the benefit of the preference on British goods only to those imported through Canadian ports. We accepted the resolution, but with a modification which is to come into force shortly, when in the opinion of the Governor in Council the trade has been sufficiently developed so as to allow us to get importations into Canadian ports. At present many imports come by way of the United States. That is a relic of the practice of former days, when Canada had to get its trade developed through the means of the southern ports, but now we are getting our own ports equipped, we hope, by and by, to possibly dispense altogether with intermediate States. This is on the same lines. To confine British trade to British bottoms there can be no serious objection. I agree to it very willingly, especially as Sir Joseph Ward has agreed to put into it "as far as practicable." It could not be done at the present time so far as Canada is concerned. We have to use other ships, but we are getting to use more and more the British ships. So I accept it with the qualification "so far as practicable," because it could not be put into force immediately.

Mr. LLOYD GEORGE: "British manufactured goods in British shipping," instead of "carried in."

Sir JOSEPH WARD: Yes, I will make the alteration. I only want to affirm something in that direction.

Mr. DEAKIN: Are you moving that?

Sir JOSEPH WARD: Yes.

Mr. DEAKIN: But you are not moving it in this altered form.

Sir JOSEPH WARD: Yes.

Mr. DEAKIN: Will you read it?

Sir WILFRID LAURIER: Will you allow me to withdraw, as I have an engagement in a few minutes. I stand by Sir Joseph's Ward's resolution.

Mr. DEAKIN: But we are working out an alternative.

Sir WILFRID LAURIER: If Sir Joseph Ward accepts the alternative, I am satisfied, and I follow it.

Sir JOSEPH WARD: The resolution will read in this way: "That it "is desirable in the interest both of the United Kingdom and His Majesty's "Dominions beyond the seas, that efforts in favour of British manufactured "goods and their carriage in British-owned ships, should be supported as far "as practicable."

Mr. DEAKIN: That is all right.

Mr. LLOYD GEORGE: I would prefer to leave out the words "their carriage in British-owned ships," and make it "efforts in favour of British shipping" because we want to carry other goods. We are not depending only upon the carriage of our own goods.

Sir JOSEPH WARD: It is the same thing: "That it is advisable in the "interests both of the United Kingdom and His Majesty's dominions beyond "the Seas, that efforts in favour of British manufactured goods and British "shipping should be supported as far as practicable."

Mr. LLOYD GEORGE: Yes.

CHAIRMAN: I put this resolution: "That it is advisable in the interests "both of the United Kingdom and His Majesty's Dominions beyond the Seas "that efforts in favour of British manufactured goods and British shipping "should be supported as far as is practicable." Is this agreed to?

Resolution VIII., p. viii.

The resolution was carried unanimously.

PREFERENTIAL TRADE.

CHAIRMAN: I think I understood, Dr. Jameson, you did not wish to raise any point upon your resolution?

Dr. JAMESON: Not the resolution on the paper, but I wish to put the resolution I brought forward yesterday.

Dr. SMARTT: That has been accepted in principle already. It is merely an extension.

Dr. JAMESON: My real difficulty with regard to this is, as has been emphasized, I am glad to say, by one of my political opponents since my departure from South Africa, that unless preference is coupled with some form of reciprocity it may be withdrawn. Therefore I am bound to bring this resolution forward.

CHAIRMAN: As the Chancellor of the Exchequer has arrived we had better finish the first resolution. Mr. Deakin wishes to put it: "That every "effort should be made to stimulate and facilitate mutual commercial inter-"course between the several parts of the Empire by the development of all "their means of inter-communication, subject to the liberty of each self-"governing Dominion to select the most suitable methods for giving effect "to it."

Mr. ASQUITH: Is this a proposition as a substitute for the whole resolution? I certainly prefer the resolution as it stands very much. I think it is much wider in its scope and clearer in its language. I think the fresh one rather limits it.

Mr. LLOYD GEORGE: The development of all means of communication is a most important limitation. There are other means of practical commercial intercourse in the Empire.

Mr. ASQUITH: I agree with the words as previously proposed.

Mr. LLOYD GEORGE: This other resolution of Mr. Deakin's does not go so far as I am prepared to go.

Mr. DEAKIN: I will put in the word "especially."

Mr. ASQUITH: "Every effort should be made by co-operation."

Mr. DEAKIN: They are right, but it is the preliminary part I object to. It seems too vague.

Dr. JAMESON: It seems to me emphasising a truism which we have acknowledged to begin with, unless it means something different. If it only means what is on the face of it this original resolution of the Government is a mere truism which we all acknowledged before we began the Conference, and all through the Conference. We have always emphasised it. Why do it again unless there is some other reason for it?

Mr. LLOYD GEORGE: Mr. Deakin's resolution affirms the resolution as to liberty of action. He does not object to that.

Mr. DEAKIN: I put it in because you wished it, not that I think it necessary.

Dr. JAMESON: This one of Mr. Deakin's is a separate subject. We have done with Tariff Reform or preference and now deal with other methods of commercial intercourse, whereas this other resolution implies a negative of what we have been doing this week so far as the Colonies are concerned.

Mr. LLOYD GEORGE: You have affirmed your view of the best method. We have affirmed ours. Now, upon the basis of that mutual understanding of each others' positions we agree upon this.

Dr. JAMESON: Upon what—to have liberty which we have all agreed upon long ago? Why put it in?

Mr. LLOYD GEORGE: No. Sir Joseph Ward's resolution carries it a good deal further than that. I think these are the important words: "That

" every effort should be made to bring about co-operation in matters of " mutual interest." It carried it beyond what Dr. Jameson is afraid of—a mere barren affirmation of a thing we all agree to.

Dr. JAMESON : I cannot see the use of this at the beginning of Sir Joseph Ward's resolution. I shall be delighted to pass the resolution on everything—co-operation, communication, and everything else, but why reiterate this truism which I am afraid various people will say after a week's discussion is a kind of slur on the discussions of the week past.

Mr. ASQUITH : Not at all.

Mr. LLOYD GEORGE : You will not deny liberty of action even to the Mother Country.

Sir JOSEPH WARD : Mr. Deakin in the course of the speech which he delivered before the suggested words that I have added were put into the proposition coming from Lord Elgin, stated that in giving any support to the resolution moved by Sir Wilfrid Laurier re-affirming the resolution of 1902 on behalf of his Government he required a qualification. He proposed to support this resolution with a qualification, and this is the qualification.

CHAIRMAN : With the other words used.

Sir JOSEPH WARD : So we have the resolution of 1902 re-affirmed, the British Government having put on record their desire to keep to their position. With regard to that, from the point of view put before the Conference, I see no harm in accepting that resolution.

Mr. ASQUITH : The Imperial Government consider it essential that those words should stand in the resolution.

Mr. DEAKIN : That each should have its liberty.

Mr. ASQUITH : Yes.

Mr. F. R. MOOR : Nobody has questioned that principle.

Mr. ASQUITH : We wish to have it put on record.

Mr. DEAKIN : Would this get rid of the difficulty : " That every effort " should be made to stimulate and facilitate co-operation in matters of " mutual interest between the several parts of the Empire, especially by the " development of all through means of inter-communication, subject to the " liberty of each self-governing Dominion to select the most suitable methods " for giving effect to it." That, I think, contains everything important—affirmation, co-operation in matters of mutual interest, and further development of inter-communication, and the other qualification on which you lay stress—that it is subject to the liberty of each self-governing Dominion to select the most suitable methods.

Mr. ASQUITH : No, I do not think there is any very substantial difference between them ; but, to my mind, there is an important difference in the mode of expression and the order. I believe that is the real difference between us—the order in which the two parts of the subject are dealt with—

and from our point of view, as we have given great consideration to this, we think the affirmation of freedom should come first and the other next.

CHAIRMAN: This is the resolution which His Majesty's Government puts before the Conference: "That this Conference, recognising the "importance of promoting greater freedom and fuller development of "commercial intercourse within the Empire, believes that these objects may "be best secured by leaving to each part of the Empire liberty of action in "selecting the most suitable means for attaining them, having regard to its "own special conditions and requirements, and that every effort should be "made to bring about co-operation in matters of mutual interest."

Dr. SMARTT: Might I ask you as Chairman, whether the Conference, having affirmed resolution No. 1, which states, "That this Conference, recog- "nising that the principle of preferential trade between the United Kingdom "and His Majesty's Dominions beyond the Seas, will stimulate and facilitate "mutual commercial intercourse," it is competent for this Conference to propose a resolution which does not affirm this resolution.

CHAIRMAN: I specially said we did not agree to that.

Dr. SMARTT: I thoroughly understand that, and you have registered your vote as President of this Conference, and a very important vote, as not agreeing with it. Notwithstanding that, the Conference has maintained the principle laid down in the first resolution, and I wish to say that this resolution following the other would mean that the Conference had departed from its position that the best way of developing this mutual co-operation would be by preference.

CHAIRMAN: If you ask me as President, I do not think it is out of order.

Dr. JAMESON: If this means anything to me it means this, that we have decided to differ here on a question of preference; the self-governing Colonies against His Majesty's Government taking absolutely different views. This resolution is to emphasise the fact that for commercial intercourse the best thing is for the Colonies to give preference and for His Majesty's Government not to give preference. If we vote for this it puts us in the position that we agree to that, and stultifies everything we have said for the last week. I say that because I personally could not support that on behalf of my colony as it stands. I want to emphasise again that we all say we must have absolute liberty of action on this and every other subject.

Mr. LLOYD GEORGE: Sir Wilfrid Laurier, who was the very first to give preference to the Mother Country, does not think so.

Dr. JAMESON: I disagree with Sir Wilfrid Laurier.

Mr. LLOYD GEORGE: His was the first Colony to propose it—and a very substantial preference he gave us—and he has improved upon it since. Certainly, he does not take that view. He is the father of preference within the Empire.

Dr. JAMESON: Sometimes you find children get a little more advanced than the father or mother, as the case may be.

Mr. DEAKIN: This would be my position. I do not specially object to this resolution even as it stands, though I admit there is force in Dr. Jameson's fear that it may be misinterpreted. There are words that would make it acceptable to me, if not to the other members. I would propose that after the word "that" we introduce the words: "without prejudice to the resolutions, "already accepted, this Conference recognises the importance of promoting "greater freedom," and so on.

Dr. SMARTT: That will do.

Mr. ASQUITH: Let us see if we can meet Mr. Deakin. We are anxious to if we can. You said the resolutions, but you must include the reservation made by the Imperial Government.

Mr. DEAKIN: Certainly the resolutions or reservations.

Mr. ASQUITH: It had better be on the face of it to make it plain.

Mr. DEAKIN: To make it plain I have put: "That without prejudice "to the resolution already accepted or the reservation of His Majesty's "Government, this Conference, &c."

CHAIRMAN: I will read it again to make it quite plain.

Dr. JAMESON: I am quite content.

Mr. F. R. MOOR: I am satisfied.

General BOTHA: Yes.

Sir JOSEPH WARD: I am quite satisfied.

Mr. DEAKIN: We always get unanimous before we finish.

Resolution VII., p. vii.

CHAIRMAN: This is the resolution of the Conference.

Dr. JAMESON: Then there is my further resolution.

Mr. DEAKIN: I do not know whether the President has a resolution with reference to coastwise trade. I take it that is bound up with this, in a sense.

Mr. LLOYD GEORGE: I will show you Sir Robert Finlay's opinion on that, and then if, after that, you still think it right, you will press it.

Mr. DEAKIN: Thank you.

CHAIRMAN: The only arrangement I have made for to-morrow is that the First Lord of the Admiralty will come.

Dr. JAMESON: May we first finish up this resolution, or it will disappear altogether.

Mr. ASQUITH: I think we had better dispose of it now.

Dr. JAMESON: Very well, I will propose it.

Mr. ASQUITH: This is as to preference on present dutiable articles. I am not going to take up any time. You understand our position in the matter. We think it would concede the principle without doing any substantial good to anybody.

Dr. JAMESON: Yes, I understand that, but the main reason is it will help me to keep the preference going in South Africa if I put it here, even if I only vote for it myself, but I hope General Botha will vote with me on it.

CHAIRMAN: The resolution moved by Dr. Jameson is: "That while affirming the resolution of 1902 this Conference is of opinion that as the British "Government through the South African Customs Union—which comprises "Basutoland and the Bechuanaland Protectorate—do at present allow a "preference against foreign countries to the United Kindom, Canada, "Australia, New Zealand, and all other British Possessions granting "reciprocity, His Majesty's Government should now take into consideration "the posssibility of granting a like preference to all portions of the Empire "on the present dutiable articles in the British tariff."

Mr. DEAKIN: It is only a request to consider. You do not dissent from that?

Dr. JAMESON: The consideration of possibly doing it.

Mr. DEAKIN: You are not asked to say you will do it or not.

Mr. ASQUITH: We have considered it.

Mr. DEAKIN: You can consider it again.

Mr. ASQUITH: If you please we will take the same attitude with regard to this as with regard to the other—an attitude of reservation. We do not conceive we are free to do this.

Mr. DEAKIN: You are always free to consider it if not free to grant it.

Dr. SMARTT: You are doing it at the present moment.

Mr. ASQUITH: I was not aware of the case of Bechuanaland and Basutoland.

Dr. JAMESON: It has been very advantageous to those two Protectorates.

Sir JOSEPH WARD: That means a reduction in your duties if it is given effect to—not an imposition of duties.

Mr. DEAKIN: It means only a reduction if it is granted, but it does not promise that any reduction will be granted.

Mr. ASQUITH: But it means that we are to consider the question whether we shall treat the foreigners and the Colonies as it were differently, and that we conceive we are not able to do.

Dr. JAMESON: That is the whole of it. I would like it put to the Conference.

Sir JOSEPH WARD: I will support that.

Mr. F. R. MOOR: I support it.

CHAIRMAN: Do you support it, General Botha?

General BOTHA: No, I do not support it.

Sir ROBERT BOND: Yes, I support it.

CHAIRMAN: We do not; we dissent from it.

Mr. ASQUITH: Sir Wilfrid Laurier is not here.

Resolution IX., p. viii.

CHAIRMAN: That will be recorded. Those are all the resolutions.

Mr. DEAKIN: There are the subsidiary motions. I do not know if you would pass the others without discussion. Our resolution is: "That "the Imperial Government be requested to prepare for the information of "Colonial Governments, statements showing the privileges conferred, and "the obligations imposed on the Colonies by existing commercial treaties, "and that inquiries be instituted in connection with the revision proposed in "Resolution No. 5, to ascertain how far it is possible to make those "obligations and benefits uniform throught the Empire." It only asks for information and inquiries as to all commercial treaties.

Mr. LLOYD GEORGE: We cannot answer you that on the spur of the moment.

CHAIRMAN: We will do to-morrow such other business as I can arrange.

Adjourned to to-morrow at 10.30 o'clock.

INTER-IMPERIAL TRADE.

RETURN showing for the last year for which figures are available :—

(*a*) The value of all articles imported into the United Kingdom from Canada, Australia, New Zealand, and British South Africa, respectively, (i) free of duty, (ii) subject to duty;

(*b*) The value of all articles imported into Canada, Australia, New Zealand, and British South Africa, repectively, from the United Kingdom, (i) free of duty, (ii) subject to duty.

(A) Value of all Articles Imported into the United Kingdom which were consigned from Canada, Australia, New Zealand, and British South Africa, respectively, (i) free of duty, (ii) subject to duty.

Colony whence Consigned.	Imports (Consignments) of Merchandise into the United Kingdom in 1906.		
	Free of Duty.	Subject to Duty.	Total.
	£	£	£
From Canada - - - -	28,019,668	15,368	28,035,036
„ Australia - - -	29,178,609	106,537	29,285,146
„ New Zealand - - - -	15,618,850	163	15,619,013
„ British South Africa* - -	6,327,476	16,894	6,344,370

* Including Rhodesia, Orange River Colony, and the Transvaal. The figures given are exclusive of the value of diamonds from the Cape of Good Hope, which amounted to 9,179,333*l.* according to figures supplied by the Cape Government.

(B) Value of all Articles imported into Canada, Australia, New Zealand, and British South Africa, respectively, from the United Kingdom, (i) free of duty, (ii) subject to duty.

Colonies.	Imports of Merchandise from the United Kingdom.		
	Free of Duty.	Subject to Duty.	Total.
	£	£	£
Canada (year ended 30th June 1906) (*a*) -	3,406,000	10,815,000	14,221,000
Australia (1905) (*b*) - - -	5,738,000	14,513,000	20,251,000
New Zealand (1905) - - -	2,484,000 (*d*)	5,300,000	7,784,000
British South Africa (1904) (*c*) - -	6,506,000 (*d*)	14,335,000	20,841,000

(*a*) The figures represent imports for consumption.
(*b*) The figures represent imports of goods the produce or manufacture of the United Kingdom.
(*c*) Approximate figures, compiled from the returns of the various South African colonies. Later detailed figures are not yet available, but the *total* value of merchandise imported from the United Kingdom into British South Africa amounted to 16,938,000*l.* (exclusive of Colonial Government stores) in 1906, this being the first year for which returns were compiled by the South African Statistical Bureau for "British South Africa as a whole."
(*d*) Inclusive of the value of certain goods which are free of duty when the produce of the United Kingdom but subject to duty when the produce of other countries.

Note.—The figures in the above Statements are exclusive of the value of bullion and specie.

Board of Trade,
April 1907.

A. WILSON FOX.

Thirteenth Day.
8 May 1907.

THIRTEENTH DAY.

HELD AT THE COLONIAL OFFICE, DOWNING STREET,
WEDNESDAY, 8TH MAY 1907.

PRESENT:

The Right Honourable THE EARL OF ELGIN, K.G., Secretary of State for the Colonies (President).

The Right Honourable Sir WILFRID LAURIER, G.C.M.G., Prime Minister of Canada.

The Honourable Sir F. W. BORDEN, K.C.M.G., Minister of Militia and Defence (Canada).

The Honourable L. P. BRODEUR, Minister of Marine and Fisheries (Canada).

The Honourable ALFRED DEAKIN, Prime Minister of the Commonwealth of Australia.

The Honourable Sir W. LYNE, K.C.M.G., Minister of Trade and Customs (Australia).

The Honourable Sir JOSEPH WARD, K.C.M.G., Prime Minister of New Zealand.

The Right Honourable Sir ROBERT BOND, K.C.M.G., Prime Minister of Newfoundland.

The Honourable L. S. JAMESON, C.B., Prime Minister of Cape Colony.

The Honourable Dr. SMARTT, Commissioner of Public Works (Cape Colony).

The Honourable F. R. MOOR, Prime Minister of Natal.

General The Honourable LOUIS BOTHA, Prime Minister of the Transvaal.

The Right Honourable WINSTON S. CHURCHILL, M.P., Parliamentary Under Secretary of State for the Colonies.

Sir FRANCIS HOPWOOD, K.C.B., K.C.M.G., Permanent Under Secretary of State for the Colonies.

Sir J. L. MACKAY, G.C.M.G., K.C.I.E., on behalf of the India Office.

Mr. H. W. JUST, C.B., C.M.G.,
Mr. G. W. JOHNSON, C.M.G., } *Joint Secretaries.*

Mr. W. A. ROBINSON,
Assistant Secretary.

ALSO PRESENT:

The Right Honourable D. LLOYD GEORGE, M.P., President of the Board of Trade.

Mr. H. LLEWELLYN SMITH, C.B., Permanent Secretary to the Board of Trade.

Mr. A. WILSON FOX, C.B., Comptroller-General of the Commercial, Statistical, and Labour Departments of the Board of Trade.

Mr. G. J. STANLEY, C.M.G., of the Board of Trade.

Mr. ALGERNON LAW, of the Foreign Office.

The Right Honourable The LORD TWEEDMOUTH, First Lord of the Admiralty.

The Right Honourable E. ROBERTSON, M.P., Parliamentary Secretary to the Admiralty.

CAPTAIN OTTLEY, M.V.O., R.N., Director of Naval Intelligence.

Mr. W. GRAHAM GREENE, C.B., Assistant Secretary to the Admiralty.

Sir W. S. ROBSON, K.C., Solicitor-General.

IMPERIAL SURTAX ON FOREIGN IMPORTS.

CHAIRMAN: We begin with the Treaty question.

Mr. DEAKIN: Lord Elgin and gentlemen, if I may, I would like to hand in a draft embodying the general proposal which I have twice suggested for the consideration of the Conference. This I have now shaped, I think, into a more intelligible form, so that before we leave trade questions we might have an opportunity of seeing whether any co-operation is possible in this direction. I will read it: "This Conference recommends that in order "to provide funds for developing trade, commerce, the means of communica- "tion, and those of transport within the Empire, a duty of one per cent. upon "all foreign imports shall be levied, or an equivalent contribution be made "by each of its Legislatures. After consultations between their representa- "tives in conference, the common fund shall be devoted to co-operative "projects approved by the Legislatures affected, with the general purpose of "fostering the industrial affairs of the Empire so as to promote its growth "and unity." The one per cent. is fixed merely as a basis to start from, and the suggestion of an equivalent contribution made by each of the Legislatures would, I hope, meet Sir Wilfrid Laurier's objection. The plain provision that this fund is to be devoted to co-operative purposes approved by the Legislatures affected, preserves in the amplest way their powers of self-government and their control of this fund. If adopted, this would provide a means of co-operation in respect of the expenditure of the fund thus created. I will now circulate it.

CHAIRMAN: You do not propose to discuss it.

Mr. DEAKIN: Yes, I have asked for this twice before.

CHAIRMAN: We cannot possibly discuss it at this moment, because it must go before the Chancellor of the Exchequer.

Mr. LLOYD GEORGE: It is a Treasury matter.

Mr. DEAKIN: I do not mean to discuss it now.

Dr. JAMESON: It must go before the Chancellor of the Exchequer if the Imperial Government contributes.

Mr. LLOYD GEORGE: It is altogether a Treasury matter, whether duty or equivalent contribution.

Mr. DEAKIN: Yes. But the questions of better means of communication and transport are matters to which you have specially referred more than once, and this is the means of providing a joint fund out of which those means could be financed.

Mr. LLOYD GEORGE: Have you worked out roughly what it would come to.

Mr. DEAKIN: I have some figures here, but they are not material. If preferential trade is ruled out, and the resolution we have passed practically disposes of it as far as this Conference is concerned, we are left in the void. We have now to look for additional means towards the same end.

Mr. LLOYD GEORGE: By way of elucidating it, not by way of debating it, what does "equivalent contribution" mean? For instance, take this case. Our imports from foreign countries are over 400,000,000*l.* or something of that sort. Does that mean that we are to contribute at the rate of one per cent. on the merchandise imported into this Kingdom?

Mr. DEAKIN: The proposal is that you should either levy a duty of one per cent., or whatever percentage you agree upon; or contribute the same amount from any other source.

Mr. LLOYD GEORGE: Do you mean contribute on the 400,000,000*l.*?

Mr. DEAKIN: How otherwise could you measure equality of contribution?

Mr. LLOYD GEORGE: It is hardly what I call an equality of contribution. Dr. Jameson would contribute about 100,000*l.*, and we 4,000,000*l.* That is not what I call equality, quite.

Mr. DEAKIN: It is if you look to the fact that you decide how your 4,000,000*l.* is to be spent.

Mr. LLOYD GEORGE: We get an equivalent for it?

Mr. DEAKIN: Yes, you may offer its equivalent.

Mr. LLOYD GEORGE: But you will not give us 40 votes to Dr. Jameson's one—I am not suggesting that.

Mr. DEAKIN: The proposal here is that you should practically control the expenditure of your 4,000,000*l.*, and we of our 400,000*l.*, or whatever it is.

Mr. LLOYD GEORGE: It is premature to discuss it now. I only want to know what amount we are to contribute. Supposing we had a sort of

arrangement with you which would involve the expenditure of 100,000*l*., and that you would contribute 200,000*l*. and we 200,000*l*., that is one way of interpreting "equivalent contribution." The other is the way you have explained now, that we should contribute forty times as much.

Mr. F. R. MOOR: With about forty times as much at stake.

Mr. LLOYD GEORGE: No, it is not we who have come first of all to complain of present arrangements.

Mr. DEAKIN: First of all, we are 5,000,000 people and I have yet to learn that you number forty times that.

Mr. LLOYD GEORGE: The difference would be nearly ten to one.

Mr. DEAKIN: You are a little more than eight to one.

Mr. LLOYD GEORGE: One per cent. would mean that your share would be 50,000*l*.

Mr. DEAKIN: I will not touch that now. I will go into the figures later. The principle is that you put into this fund, for argument's sake, 800,000*l*. and we 100,000*l*., as far as we two are concerned. Then for any joint service you would consider how much of your 800,000*l*. you would devote towards it, and we should consider how much of our 100,000*l*. we should devote towards it. We should not be the only partners. Any proposal we were interested in, New Zealand might be and Canada might be, and others might be. But the idea is to have a joint fund. Roughly the amount contributed by each country to that fund should be within its own control to the extent that it could not be applied to any purposes until its legislature has approved of the proposal, which would set out how much the United Kingdom, how much Canada, how much Australia, and how much New Zealand contribute. The Legislatures do not let go of anything. They deal with their own money under this resolution as they do now, and unless they are satisfied a fair distribution has been arranged they will not pass it.

Mr. LLOYD GEORGE: Still, if it is a bargain between us and the Colonies that we should spend some four million pounds upon objects of this kind, we have to spend them somehow or break the treaty.

Mr. DEAKIN: Yes, while the treaty lasts.

Mr. LLOYD GEORGE: Before we enter into a bargain of that sort we have to see what it means.

Sir WILFRID LAURIER: You say it is to be a general fund, and if you create a general fund, how are you leaving it to the Legislatures to distribute?

Mr. DEAKIN: You have no choice between that and creating some other body which would displace our Legislatures. I think that is impossible.

Sir WILFRID LAURIER: You can leave it to each Legislature to do as much as it pleases without creating a fund.

Mr. DEAKIN: But if we can agree at once that there shall be such a fund and fix its amount that would be a first step to Imperial co-operation. The existence of that fund would make it imperative that there should be from time to time consultations of a business character as to how that fund should be applied, and how the respective portions contributed by each shall be arranged. It would have to be absolutely under the control of the Legislatures, but there would be a fund and full consideration from time to time as to how it could be most fruitfully applied. The Legislatures would have to be satisfied as to its application in each instance.

Sir WILFRID LAURIER: I understand you do not move it this morning?

Mr. DEAKIN: No.

Dr. JAMESON: I think this is an attempt on Mr. Deakin's part to found a fund for the schemes which the President of the Board of Trade suggested.

Mr. LLOYD GEORGE: To found a fund at our expense.

Dr. JAMESON: Not all at your expense. Up to now, the indication has been that it was to come entirely from Chancellor of the Exchequer.

Mr. LLOYD GEORGE: We should contribute at least 5*l.* net for every 1*l.* the Colonies in the aggregate would contribute. Perhaps that is too high; but two or three to one at least.

Mr. DEAKIN: We are over 12,000,000 people and you 43,000,000 people —between three and four times as much.

CHAIRMAN: May we proceed now to the other business?

COASTWISE TRADE.

Mr. DEAKIN: With reference to this resolution, as to coastwise trade, I had expected my colleague would be here in time to deal with this. The matter which is embodied in this resolution was fully considered on a number of occasions by the Conference of 1902. We have now before us its resolution, which asks the attention of the Government to the state of the navigation laws in the Empire and the advisability of revising the privileges as to coastwise trade, including trade between the Mother Country and its Colonies and Possessions, and between one Colony or Possession and another, to countries in which the corresponding trade is confined to ships of their own nationality. It was upon the motion of the late Mr. Seddon, representing New Zealand, that this question was given such prominence to. This same resolution was passed in 1902.

Mr. LLOYD GEORGE: Do you recollect what the Imperial Government did then?

Mr. DEAKIN: They allowed the resolution to be passed without any objection whatever. It was brought forward by Mr. Seddon, from whose speech I take a quotation of an utterance of Senator West, in the United States Congress, when he said: "We can exclude foreign ships from our "coastwise trade, and no foreign nation can complain; and, of course, with

"the monopoly of building these ships, and repairing them, our shipowners "have a harvest each year which they could obtain nowhere else." The United States are amongst the countries who have emphatically reserved their coastwise trade and given a very wide interpretation to that term. The Secretary of State at that time invited special attention to this part of Mr. Seddon's proposal, at page 72; and Sir Wilfrid Laurier, who had evidently given this subject close attention, at page 73, pointed out that 50 years ago the Navigation Laws "were repealed, largely at the instance of "the Colonies, and perhaps Canada was one of the chief motors in the new "departure. The conditions have changed very much since that time. The "Americans have extended their navigation laws, but not only to the coasting "trade, but to a class which is not at all used for coasting trade; "for instance, they have applied their law on the Pacific Ocean "not only to the coast of the American continent, not only to the "coast of the United States from California up to British Columbia, but "they include Honolulu as part of the United States. They have not "allowed the privileges to other shipping. They reserve that exclusively "to themselves." He explained the Canadian law, which offers reciprocity in the coasting trade—an offer not then taken advantage of by the United States, nor, I think, since. The representative of the Commonwealth, Sir Edmund Barton, at page 76, said: "Whether it would be "possible with the concurrence of the whole of the self-governing portions "of the Empire to make a general navigation law accepting and asserting "the principle, and leaving the application of it to the autonomous action of "the Governments concerned, is a question which may well be considered; "and I think this whole question of the navigation laws is one which may "demand a larger and longer discussion than we have given to it yet." I think that discussion has now been held under the presidency or chairmanship of the President of the Board of Trade.

Mr. LLOYD GEORGE: That is so.

Mr. DEAKIN: Was it the law of Merchant Shipping only, or the Navigation Laws which were under consideration?

Mr. LLOYD GEORGE: I think we pretty well covered the whole ground.

Sir JOSEPH WARD: That is so.

Mr. DEAKIN: So I understand. This question now comes to us almost by transfer from your Conference.

Mr. LLOYD GEORGE: Was this moved at all at our Conference?

Sir JOSEPH WARD: My impression is that it was not.

Mr. LLOYD GEORGE: The only question we proposed to refer to this Conference was as to the islands of the Pacific, whether they should be included as part of the coastwise trade of Australia.

Sir JOSEPH WARD: At the Navigation Conference we dealt with the power, admitted by everybody, of the Colonies to govern shipping within their own territories. We decided that the inter-communication between an outside place and the Colonies we had no jurisdiction over beyond our own

waters. We decided to go for uniformity in legislation as far as possible, to meet the different requirements of the Empire. The cause of this being referred here, was a desire on our part to try and control ships and shipping in the islands of the Pacific, making those islands part and parcel of the territories of Australia and New Zealand, and we wanted to arrive at a decision upon it, and found we could not govern the trade on the oceans outside our own territory, and we decided that aspect of it should be transferred to this Conference.

Mr. DEAKIN: Does not that involve a consideration of this resolution of 1902 which we had already set down for consideration by this Conference? That is to say, is not the main point so far as we are concerned, or rather, is not our main object to learn the opinion of the Government of the United Kingdom as to the possibility of dealing with the trade between the Mother Country and its Colonies and Possessions as coastwise trade. The islands of the Pacific have a particular interest for New Zealand and the Commonwealth; but, of course, they would come under any application of these general principles to which by resolution attention was called in 1902. I presume the question has been considered since, and was just about to briefly point out the steps by which the Government of the United Kingdom came to agree to this resolution in 1902. The then President of the Board of Trade, at page 134, pointed out that if there was to be a reciprocity arrangement in regard to coastwise trade only three countries would be affected—Russia, the United States, and France—because every other country did practically leave its coastal trade open to British vessels. Russia and the United States are exceptions, and France is a partial exception. Again he said the question might be raised to Russia whether the trade between Great Britain and her Colonies was not in her sense of the term coastal trade, on the plea that she has made traffic between Odessa on the Black Sea and Port Arthur coastal trade. Those were two ports in the same territory, whereas the United States made Honolulu, Hawaii, and Porto Rico all islands in the ocean subject to their coastal trade provisions. Sir Wilfrid Laurier then pointed out that all the resolution did was to call attention to this subject. The resolution was approved. At page 139 it will be found as it appears on the agenda paper for this Conference. There will be found as Appendix No. 18 at page 453—a memorandum by the Board of Trade—which sets out the practice of the different countries there mentioned in regard to their coastwise commerce. I will only call attention to the general principle adopted by Portugal, which first reserved the whole of its trade absolutely as coastwise trade, and then opened its ports to foreign vessels as appeared advisable or in consideration for reciprocal concessions. They started with reserving the whole of the coastal trade, and then commenced to throw open to everybody certain portions of it which they did not wish to reserve, and to make reciprocal arrangements with countries that did reserve their coastwise trade. That seems to be a course which has something to be said in its favour. At page 456, paragraph 20, of this report, there is a statement in Annex No. 8, showing the position of coastal trade, which says: "It will be seen that there is no treaty under which the right to share in the "coasting trade of all our Colonies and Possessions is granted to any foreign "country, but a few treaties (mostly with unimportant countries from a "maritime point of view) concede this right with respect to our Crown "Colonies and certain self-governing Colonies which have adhered to those "treaties." It mentions Greece, Paraguay, and the Argentine. The Board of Trade Memorandum raises the question as to whether there is a distinction between what might be called a foreign shipping trade and coasting trade proper, and then proceeds: "Assuming that any difficulty of this kind is "surmounted, the treaty position as regards inter-Empire trade would appear

" to be identical with that as regards coasting trade. Thus, our treaties " with Austria-Hungary, Greece, and certain other countries would have " to be 'denounced' before steps could be taken by legislation in the United " Kingdom to reserve the trade between the United Kingdom and any " of the Colonies. The carrying trade between Canada, India, and New " South Wales could apparently be 'reserved,' if desired, without breach of " any treaty, and, generally speaking, the treaty restrictions on the " reservation of the inter-Colonial trade would seem to be less formidable " than those applying to the Colonial trade with the United Kingdom, always " assuming that inter-Colonial trade could, without breach of treaty or " fear of retaliation, be assimilated to Colonial coasting trade. The " restriction of the trade between particular Colonies to British vessels " would naturally be a matter for Colonial rather than Imperial legislation," and the question is raised whether it would not be possible even under all existing treaties to restrict the trade between the United Kingdom and any particular Colony to British vessels "by means of a " colonial law, in cases in which the Colony passing such a law is not " bound by treaty to admit foreign vessels to its coasting trade." That suggestion may have rather an important bearing upon a subsequent question we may be called upon to discuss.

Speaking for the Commonwealth, it appears to us that attention having been invited to this question in 1902, it is possible that in the future the exercise of some of the powers referred to in that memorandum, or the occasion for their exercise, may arise suddenly. It would be well therefore to ascertain from the British Government what has been the result of any further inquiries which have been made in this direction either as to local powers or practical advantages or disadvantages of such reservations. If that be not a complete statement we can again re-affirm this resolution, so that further attention will be called to it in the hope of our obtaining some clear and precise understanding of what our powers are in this connection. We require knowledge which would guide us in forming an opinion as to what extent it would be judicious for us to exercise those powers. For the purpose of bringing this matter to a head, equipping ourselves for practical solutions when these may be necessary, and for bringing up to date the very interesting and valuable information contained in the additions to the Conference of 1902, the resolution before you is submitted for re-affirmation.

Sir WILFRID LAURIER: I quite approve for my part.

Sir JOSEPH WARD: This resolution, as Mr. Deakin has said, is a similar one to that moved by Mr. Seddon at the last Conference. I want to say what New Zealand did after his return. We introduced legislation affecting the whole coastwise administration, so as to insure that British ships had to a very large extent the advantage in our country. We did it by the altering, among other things, of our law as to the payment of wages and the general control of the ships. We do not allow outside ships to come down to our country and engage in coastwise trade at all. We have stopped that. We have done as America did.

Mr. DEAKIN: Do you allow them if they comply with the conditions?

Sir JOSEPH WARD: We do not allow an outside ship to trade on our coast. Since the resolution moved by Mr. Seddon in 1902, referred to by Mr. Deakin, we in New Zealand have gone in the direction of it to a very large extent. We have done it for a reason referred to by Mr. Deakin, because we felt keenly in our country the extraordinary position of

being brought up when our ships get to Honolulu, and then not allowed to go on to trade with America. We had to withdraw a steamer for which we were paying a subsidy for carriage of passengers and mails between New Zealand and England viâ America. After 1902 the effect of this resolution was put into a statute in our country, and we are carrying it out.

Mr. DEAKIN: Part of it.

Sir JOSEPH WARD: A part of it.

Mr. DEAKIN: This is general, and relates to the United Kingdom and the Colonies.

Sir JOSEPH WARD: We had a considerable amount of discussion at the Navigation Conference upon the very wide and difficult subject of controlling ships after leaving England, and before coming into our waters. We came to the conclusion that we could not interfere in any way whatever. We went on to suggest in the resolution there, which will come up for consideration of the various Governments later, and I think we all supported it, that such portions of the resolution passed there which either required legislation in our countries or elsewhere for bringing them into effect the respective Governments should take into consideration, with a view of giving effect to them. I am in most cordial agreement with Mr. Deakin in this, and support it very heartily upon the principle that we do not want to see injustice done to British shipping upon our coast when we have at least one great competitor, which has put into operation a very extended interpretation of coastwise law, which does not allow our ships to engage in trade on the Pacific Ocean from Honolulu to San Francisco. We are all the more anxious to see the system, so far as it can be put into operation, generally applied to any other portions of the Empire.

Mr. LLOYD GEORGE: The only part of the resolution which really comes within the purview of the Imperial Conference is that which deals with the trade between the Mother Country and its Colonies and Possessions and between one Colony and Possession and another. The question of our coasting trade is a matter entirely for the British Parliament. Now I will just put the two or three considerations which occur to us which tend to make it unadvisable in my judgment that we should accept this resolution. It looks at first sight very simple and clear, with nothing but advantage to us, but on detailed consideration it will be seen to be otherwise.

Mr. DEAKIN: The resolution only says that it is desirable that the attention of the British Government and the Colonies should be called to the matter.

Mr. LLOYD GEORGE: "And to the advisability of refusing the privileges of coastwise trade."

Mr. DEAKIN: Yes, to call attention to the advisability.

Mr. LLOYD GEORGE: It really means a recommendation, if it means anything at all, because, I take it, our attention has been called to it by the Imperial Conference in 1902. The suggestion contained in the resolution would certainly not meet with approval on our part—namely, that we

should close our inter-Imperial trade to the vessels of foreign countries which deny similar privileges to us. I will give the reasons why I do not think it is advisable that we should, at any rate at the present moment, challenge these countries on this particular point. It will be found on detailed consideration that the matter is not quite so simple as it looks, and that, in fact, these proposals, framed undoubtedly in the interest of British ships and British trade, involve a great complication of difficulties, which may well make us pause before we give our assent to them. It is convenient, in the first place, to discuss this proposal on its merits, quite apart from any complication introduced by treaty engagements or the limits of legislative power. The object is either to exclude foreign ships from our coasting or inter-Imperial trade, or by the threat thereof to put pressure on foreign governments to admit British ships to the corresponding trade in their dominions. In either case the object is to benefit British shipping. It could have no other beneficial result. On the contrary, the exclusion of foreign ships or any class of them from the right to carry goods between the United Kingdom and a British Colony, or between the Colonies themselves, must, if effective, tend *pro tanto* to handicap the buyers and sellers of those goods, by restricting their choice of transport facilities and probably raising the cost of carriage. The Australian exporter of wool and meat would hardly wish to be restricted to British ships to carry his goods to the United Kingdom in competition with the Argentine exporter of wool and meat, who could select British or foreign ships as best suited his purpose. Moreover, if goods can only travel direct between different parts of the Empire in British ships, while goods from foreign countries may travel either by British or foreign ships, a positive advantage is given to trade between the Empire and foreign countries as compared with trade within the Empire. If merchandise can be sent from Hamburg to Australia in ships of any nationality, but from London only in British ships, the result would hardly tend to benefit the port of London in its competition with Hamburg, or to maintain the entrepôt trade of the United Kingdom. Unless these disadvantages to the trader are compensated for in some way, the proposed reservation would operate as a discrimination adverse to direct trade within the Empire. If, nevertheless, the proposal is advantageous, it can only be because of the benefit to be conferred on British shipping. But is this benefit certain? If confined, as proposed in the resolution, to the exclusion of vessels of countries which do not give reciprocity, it will produce but little practical result. The great bulk of the foreign shipping which actually engages in our inter-Imperial trade is Norwegian or German, and neither of these countries exclude us from their coasting or inter-Imperial trade. The only countries whose vessels would be excluded under the resolution are those of Russia and the United States, whose participation in our inter-Imperial trade is at present negligible.

Mr. DEAKIN: Do not the Germans give some special advantages to the trade with their Colonies?

Mr. LLOYD GEORGE: No.

Mr. DEAKIN: Not as regards shipping?

Mr. LLOYD GEORGE: No, none.

Mr. DEAKIN: They tried to in the Marshall Islands. They shut us out and a vessel of ours had to go back twice because they were not allowed to trade in the Marshall Islands. The question of compensation for that is now under consideration.

Sir WILFRID LAURIER: Surely it was illegal?

Mr. LLOYD GEORGE: That was a question of duties I understand.

Mr. DEAKIN: A question of payment for the privilege of trading at all, a question of heavy duties, and also restrictions as to the cargo they could obtain. It was a deliberate attempt to throttle trade, which succeeded to the extent that a vessel was driven back twice at the cost of many thousand pounds of trade. The Captain offered to pay the exceptional fee in order to be permitted to trade, and then was blocked again. It is a very strong case indeed.

Mr. LLOYD GEORGE: I know the coasting trade of Germany is open to us.

Mr. DEAKIN: They have not any coasting trade, to begin with, worth speaking of.

Mr. LLOYD GEORGE: I am only dealing with your resolution which does not propose to hit a country which extends the same opportunities to us for what they are worth. The trade between Germany and her colonies is just as open to us as to German vessels. About the Marshall Islands I do not know. I am told that they have admitted they were wrong in that case and have set it right.

Mr. DEAKIN: But have paid no compensation yet.

Mr. F. R. MOOR: What is the position with regard to French regulations?

Mr. LLOYD GEORGE: France reserves its trade to Algeria, which is not, properly speaking, a colony, because, I believe, it has representation in the French Parliament. It is treated almost as if it were a French Department.

Mr. DEAKIN: They treat all their Colonies nominally as Departments.

Mr. LLOYD GEORGE: Not their oversea possessions, such as Madagascar, Senegal, and Tonquin. There we can trade without any restriction at all.

Sir JAMES MACKAY: And Pondicherry.

Mr. LLOYD GEORGE: Yes.

Mr. DEAKIN: They give tariff advantages to their goods in their own Colonies, and also subsidies.

Mr. LLOYD GEORGE: That is another point. It has hit French shipping much more than it has hit us. The whole system has been a ghastly failure, and the result is, that even Germany is now beating French shipping, although Germany has hardly any coast and consequently few sailors. France has native sailors, especially in some parts of her coast, and there is no reason why she should not be second to us, except for her very protective policy.

Mr. DEAKIN: I do not think that policy has anything to do with it.

Mr. LLOYD GEORGE: Of the total tonnage entered and cleared with cargoes at United Kingdom ports in trade with our Colonies and Possessions in 1906, only one-third per cent. was Russian, and none American. So it would hardly hit America.

Mr. DEAKIN: Do you say we have no trade in American ships?

Mr. LLOYD GEORGE: None. Of the total tonnage entered and cleared with cargoes in the United Kingdom in trade with our Colonies and Possessions in 1906, none were American.

Mr. DEAKIN: We have American boats plying on our coast.

Mr. LLOYD GEORGE: I suppose they buy something from you. You would not like to turn them out.

Mr. DEAKIN: You said we had none.

Mr. LLOYD GEORGE: None at the United Kingdom ports.

Mr. DEAKIN: There are some with us.

Mr. LLOYD GEORGE: Limited in this way, the proposal could confer little practical benefit. If the principle be extended further, it is likely to expose our shipping to reprisals. This is what I want to impress upon the Conference more especially. We have nearly half the merchant shipping of the world, and it is to our advantage to keep open every trade to that shipping so far as possible. If we reserve certain valuable trades to our flag, other countries will probably follow suit. But they will probably do more than this, and will look about to find other means of combating or counteracting our action either by increased subsidies to their own shipping or by some other steps. Moreover, it is to be remembered that the foreign ships which we should exclude from this particular trade will not be destroyed; they will continue to trade, and will probably compete for freight more keenly than ever in the foreign trade which is still open to them. This foreign trade largely exceeds the Colonial trade in magnitude, and it is quite possible, therefore, that we might lose at least as much as we gained by excluding these vessels from our Colonial trade. That is exactly what happens in France. They exclude us from their coasting trade, with the result that we enter more keenly into the international trade and beat French ships in French oversea trade. This argument refers chiefly to inter-Imperial Trade. The reservation or opening of the coasting trade proper of each part of the Empire is (subject to treaty provisions) a matter for local concern, as I have already pointed out. The matter may be illustrated by one or two figures. I find that the total entrances and clearances of British shipping throughout the world do not fall far short of 250,000,000 tons per annum. The total tonnage of foreign ships entered and cleared in British inter-Imperial trade is less than five million tons. This represents the maximum extension of our shipping trade that might conceivably be brought about by a scheme of reserving trade to British ships. Owing to the vastness of our Mercantile Marine in every part of the world the tonnage exposed to possible reprisals or to increased

competition through subsidies and in other ways would be many times as great. It is evident that a country so situated must necessarily look upon proposals such as that made by Australia in a very different light from that in which they may appear to the point of view of Australia, whose foreign-going shipping is relatively very small. As I have already stated, we have half the merchant shipping of the world. Looking at the entrances and clearances of ships of various nationalities in British and foreign ports, I take, first of all, the United States of America, which is one of the countries which would be hit by this resolution, and I note that over 25,000,000 tons of British shipping entered and cleared in 1905 in the United States ports, while less than one and a half million tons of American vessels entered and cleared in our ports. There were 15,500,000 tons of British shipping in French ports compared with 3,000,000 tons of French shipping in United Kingdom ports. Take Russia. The British ships in Russian ports came to $8\frac{1}{3}$ million tons; the Russian ships in British ports came to $1\frac{1}{3}$ million tons. There were nearly 12,000,000 tons of British shipping in Italian ports compared with less than 950,000 tons of Italian shipping in the United Kingdom ports. Even in the case of Germany, the British shipping at German ports is in excess of German shipping at British ports—$10\frac{1}{2}$ million tons as against $8\frac{3}{4}$ million tons—but of this $8\frac{3}{4}$ million tons of German shipping, 4 million tons were simply in ballast, while of the $10\frac{1}{2}$ million tons of British shipping, 3 million tons were in ballast; so that, as far as cargoes were concerned, we were in the proportion of five to three. These figures have only to be mentioned, for us to see at once how vulnerable our merchant shipping is. This is not said to disparage the value of the suggestions for the encouragement of British shipping, but to illustrate the special difficulties of our position as compared with that of the Colonies. There are methods by which the Colonies, or some of them, could give a very direct impetus to British shipping if they desired to do so—if, for instance, they were to relax some of their restrictions upon British ships which desire to enter into the coasting business in Australia, more especially. As a matter of fact, in the last few years those conditions have been made very onerous; so onerous that they will drive British ships out of the Australian trade altogether.

Mr. DEAKIN: You are not speaking about what has been done in Australia, because we have no law yet.

Mr. LLOYD GEORGE: I beg your pardon; I mean what is proposed to be done, because Sir William Lyne, at the Navigation Conference, said he proposed some extraordinarily stringent regulations. He read them out, and I am sure the effect will be to drive British shipping almost entirely out of the Australian trade.

Mr. DEAKIN: They were to provide for equality in wages and conditions of employment.

Mr. LLOYD GEORGE: Yes, but not merely that; they involved structural alterations of British ships. They would be prohibitive.

Mr. DEAKIN: Better accommodation for the men?

Mr. LLOYD GEORGE: Well, we have done that ourselves, and are in advance of every country in the world in that respect. If you superimpose absolutely fresh conditions in Australia, the result will be that our own conditions will be quite nugatory, and ships which can enter and do trade in every other part of the world, except Russia and the United States of

America, will not be allowed to enter the Australian coastwise trade. In fact, Australia will hit us harder than even France in that respect. If Australia wants to help British shipping, far and away the most effective way would be to treat us a little more generously in the matter of merchant shipping legislation. I am bound to say that, because the resolution comes from Australia.

Mr. DEAKIN: Quite right, and I think there will be every desire to do it. The only question is how far can we do that consistently with maintaining the standard, as we propose it, for our own shipping owned in Australia, or at all events running entirely in Australian waters. We shall fix a certain standard which will be, or believed to be, fair and just, and require them to live up to it. Having done that, how can we destroy their whole trade to others by omitting those others from the same obligations?

Mr. LLOYD GEORGE: I am not complaining so much about the vessels which trade exclusively along your coast. I agree there is a good deal of reason in what you say now, that if you impose these very heavy regulations upon your own ships, you have a right to demand that British ships should also conform, otherwise they would enter into your coastwise trade under conditions which would handicap your own shipping. But take a case of this sort, take a great liner proceeding from this country to Australia. She calls, say at Fremantle; she picks up a couple of passengers who find out that that particular liner is much more convenient and perhaps more comfortable than the boats that may be trading between Fremantle and Sydney, and they say: "We will go on from Fremantle to Sydney in that British ship, which happens to sail at the very time we want to proceed." According to your new proposals, as interpreted by Sir William Lyne, the moment a ship picks up even a couple of passengers, every regulation of your coasting trade will apply. She will have to put on the same number of stewards, the same number of hands, as your ships must in your coasting trade. Not merely that, but supposing that there is not the same kind of accommodation which you demand on your own ships, the whole structure of this big liner has to be altered, because a couple of passengers are picked up at Fremantle and dropped at Sydney, for the convenience of the Australian people. That, I consider, is a far worse sort of regulation that you impose upon us, than anything we have to contend with in any foreign part of the world.

Mr. DEAKIN: As a matter of fact, the recommendations of our own Commission exempt the voyage from Fremantle to Adelaide.

Mr. LLOYD GEORGE: Perhaps I have taken the wrong port. I hear there is something about a railway from Fremantle, and ships are to be exempt until the railway is made. But take any other port. If a liner calls at any Australian port and picks up a couple of passengers and drops them at another Australian port—I need not necessarily take Fremantle—the whole of those obligations which are most onerous and ruinous to British ships, will apply, and the result will be that they will be driven altogether out of the Australian trade.

Mr. DEAKIN: The coastwise trade.

Mr. LLOYD GEORGE: The only thing we got passed at the Conference after some difficulty, was that the same obligation should be imposed upon

foreign ships. Before you give us preference, you had better start by giving us equality.

Mr. DEAKIN: But do you understand that the Report of the Commission was to that effect? My recollection is that a distinction was to be drawn between British and foreign ships.

Mr. LLOYD GEORGE: I am very doubtful how you can impose this restriction upon foreign ships. International obligations may prevent you imposing it on foreign ships; and at any rate, you should give us the advantage of international amenities for our own ships. We ask you to treat us as a foreign nation, at any rate.

Mr. DEAKIN: I think you will find your ships much better treated than foreign ships.

Mr. LLOYD GEORGE: Do not drive us out because we are British. That is all we ask.

Mr. DEAKIN: You are entitled to ask anything you like, whether relevant to the actual facts or not. So far as I am aware, the Reports of the Commission have recommended a distinction between British and foreign ships. So your suggestions do not fit in with the facts.

Mr. LLOYD GEORGE: We were at the Navigation Conference. We had all the big steamship lines represented. They were exceedingly alarmed by this interpretation which was placed upon the proposals, and I do not think it was challenged. We had the labour people there who are dominant in the situation, and they said, "If we cannot impose these regulations on foreign ships, we can do it on British ships at any rate."

Mr. DEAKIN: We had a Commission which sat and reported—not the Government but only a Commission—and its proposal was, I think, to give British ships an advantage. It will be ours.

Mr. LLOYD GEORGE: I am very glad to hear this, and I am glad of this discussion if it has only elicited that, which we failed to elicit at the Shipping Conference.

Mr. DEAKIN: When you are referring to Australia and ships being excluded, you mean in every instance from the coastwise trade and that alone?

Mr. LLOYD GEORGE: No, the instance I gave was that of a big liner proceeding with a cargo.

Mr. DEAKIN: That is Australian coastwise trade. You pick it up at one port and drop it at another. The liner also carries goods from outside Australia and your words might be read to cover that trade as well.

Mr. LLOYD GEORGE: No, I still press that, because it is very important. Our shipowners asked you, if you wanted to insist upon these coastwise obligations being imposed on British ships, that you should confine them at any rate to the cargo that was picked up. Take, for instance, a couple

of passengers picked up; if you want to impose your own regulations in respect of those two passengers, by all means do it; but if you insist that the whole ship should be altered and hundreds of other passengers affected by your laws so that they suddenly find themselves within the coastal regulations because of picking up a minimum cargo of this sort, I must say that such a requirement is perfectly oppressive. I am glad to have the opportunity of saying so in the presence of Mr. Deakin who will have a dominant voice, no doubt, in treating us fairly, or otherwise, when this Bill comes before the Australian Parliament.

Mr. DEAKIN: May I point out again, that even if your statement were true, it does not in the least meet the point I was taking. Your complaint only relates to coastwise trade, in this case the carriage of the two supposititious passengers who are to be picked up in the Commonwealth and afterwards landed within its borders. That is the only trade affected. Therefore that is coastwise trade. The qualification that needs to go in, with all your statement as to "Australian" trade, must be "Australian coastwise trade." The restrictions if imposed would not affect in the least your trade from any part of the world to Australia or from Australia to any other part of the world.

Mr. LLOYD GEORGE: It is not a verbal qualification.

Sir WILFRID LAURIER: Is coastwise trade a necessary corollary to British Trade with Australia?

Mr. DEAKIN: No, that is quite separate.

Mr. LLOYD GEORGE: I should have thought it was. I am told by these great liners that it will make a difference of scores of thousands of pounds, and they have to run things very near in competition with Germany and other countries now. It is a hard struggle. It will make a difference of scores of thousands of pounds to them if they are driven out of this trade.

Mr. DEAKIN: This coastwise trade?

Mr. LLOYD GEORGE: I do not think it is a purely verbal matter.

Mr. DEAKIN: But you have used the words "Australian trade" a number of times, and when you come to look at the report presented, you will see, that to make your meaning quite clear, it is necessary to put in the word "coastwise."

Mr. LLOYD GEORGE: No, I still say, what I object to, in so far as I have any right at all—or rather, what I criticise, is not that you should impose any obligation you like upon British or any other ships that are exclusively engaged in your coasting trade, but that purely because these great oversea liners pick up, may be, a ton of cargo or one or two passengers at one of your ports, and deposit them at the next, all these very onerous obligations should be imposed on the whole ship.

Mr. DEAKIN: Whatever those obligations are, even accepting your statement, they are only imposed if you engage in coastwise trade. That is my point—the beginning and end of it. They are not imposed at all if you do not engage in coastwise trade.

Mr. LLOYD GEORGE: I agree—if you do not carry these passengers, very well, you can go on. But that trade is precisely what enables the British

liner to deal with Australia at all upon the terms upon which it is dealing. It could not do it if it were not that it gets a little trade like that on the coast—an occasional passenger, or it may be a ton or two of cargo. Naturally passengers in Australia prefer going in a big liner of that sort to going in a small vessel engaged between one port and another. As the result of the Bill as it stands, which it is proposed to introduce into the Commonwealth Parliament, the British liner will be driven out of that trade, and will have to reconsider the whole of its position. When we are discussing the question of increased facilities and subsidies in order to improve transport, I would say that a far more effective thing than subsidies would be to treat these ships fairly in this matter. The proposed conditions are quite prohibitive.

Mr. DEAKIN: They might be, if we adopt such conditions. It is, of course, possible to push those conditions to a prohibitive point, but the Government Bill has not yet been drafted. The only Bill you have seen is a Bill prepared by a Commission, two of whose members were associated with my colleague, Sir William Lyne, at your Conference. The Government has yet to consider its own proposals in that regard. I am at a disadvantage in the unexpected absence of my colleague who would have taken up the whole of this question.

Mr. LLOYD GEORGE: I wish he had been here.

Mr. DEAKIN: He has the whole subject at his fingers' ends, not only because it is his department and not mine, but because he has been a member of the Imperial Commission here last month at which this question has been exhaustively discussed, while I have to go back to our local commission and what it proposed some time ago. Our Government has proposed nothing.

Mr. LLOYD GEORGE: Sir William Lyne's attitude was rather militant against our ships.

Mr. DEAKIN: No doubt Sir William Lyne would make the best case he could.

Dr. JAMESON: I do not like it used as an argument against the whole question of preference, but I do hope Australia, in the person of Mr. Deakin, will consider what Mr. Lloyd George has said, because it is very interesting for the first time to have a preference asked for by the Imperial Government from a Colony on those lines.

Mr. DEAKIN: It is very hard to resist that.

Mr. LLOYD GEORGE: As I put it, before you proceed with preference, I think you had better start with equality—and we have not had that yet.

Mr. DEAKIN: We first start with equality and hope for something better—preference.

Mr. LLOYD GEORGE: We will found preference on equality.

Mr. DEAKIN: When I have the opportunity of putting the case to the Commonwealth Parliament in favour of a distinct discrimination on behalf of British shipping, I shall be able to mention how you, with tears in your voice, pleaded for preference.

Mr. LLOYD GEORGE: I thought I would take advantage of this opportunity of putting this to you.

Mr. DEAKIN: Certainly. I wish I had at hand more detailed knowledge.

Mr. LLOYD GEORGE: As regards the United Kingdom, the interests of British shipping are not thought to be prejudiced by the very small amount of foreign shipping which enters into our coasting trade. The tonnage of foreign vessels with cargoes in the United Kingdom coasting trade is less than 1 per cent. of the total—half a million tons out of a total of 65,000,000. Still less are our interests menaced by the few tons of shipping of the countries which exclude our ships from their own coasting trade (only one-eighth per cent. of the total). Apart, altogether from the question of reservation, it is clear that the assimilation of our world-wide "inter-Imperial trade" to mere coasting trade, could not be effected without a considerable departure, not only from our own long-established practice, but also from the practice of other nations except, perhaps, Russia and the United States. The term "coasting" voyage, used in its natural sense, implies a voyage from one port to another in the same country without the vessel touching for purposes of trade at any intermediate port not belonging to that country, and if this definition be accepted as accurate, there would seem to be grave difficulties in the way of the extension of regulations affecting such voyages to long oversea voyages, involving, in many cases, calls at intermediate foreign ports.

Mr. DEAKIN: That would apply to the request about the Pacific Islands being treated as coastwise trade in Australia.

Mr. LLOYD GEORGE: Are you going to bring that before the Conference?

Mr. DEAKIN: I understand that was referred from your Conference to us.

Mr. LLOYD GEORGE: I had to rule that out at the Shipping Conference. Surely, the question of the Pacific is one for the whole Empire to discuss, because Canada would be just as much interested as Australia would be in the Pacific. I felt that we could not, especially in the absence of the Canadian representative, discuss the question of the Pacific.

Passing from general considerations to methods of action, it is clear that the only method of closing the inter-Imperial trade to foreign vessels, or any class of them, is by Imperial legislation or Order in Council. It is needless to say that such a measure would attract great attention, and probably would be regarded as a sign of decadence and of fear on our part. Countries which reserve their trade are influenced by the fact that they cannot compete on equal terms with British shipping. Every country trying to overtake us in the race will be proportionately encouraged to greater exertions by a step suggesting that we cannot hold our own against them on equal terms.

Lastly, the purely treaty difficulty is not to be lightly set aside. The magnitude and nature of this difficulty differs much according to whether the

proposed reservation is intended to apply to the inter-Imperial carrying trade in both directions, or only to the outward trade from the United Kingdom to the Colonies, and to trade between the Colonies. If extended to inward trade from the Colonies to the United Kingdom—as I understand it is—the exclusion of foreign ships generally would raise questions in connection with a number of important treaties, some of which it is in the highest degree to our interest to maintain. If confined to outward trade to particular Colonies, the question depends upon the treaties which happen to bind the particular Colonies in question. Of course, if the exclusion be confined to the countries (United States and Russia) which exclude us, there is no treaty obstacle to the reservation of inter-Imperial trade, but neither does there seem to be any material advantage in such a course. I am going to put in a memorandum—I need not trouble the Conference by reading it—as to (i) the participation of foreign vessels in our inter-Imperial and coasting trades; (ii) the practice of foreign countries with respect to reserving or opening their inter-Imperial or coasting trades; and (iii) the treaty position. It has been circulated.

That is all I have to say.

Sir WILFRID LAURIER: This shows the great difficulty there is in having a uniform policy for the Empire so far as questions have been brought up at the Conference. As I understand your remark, Mr. Lloyd George, the resolution as drafted and submitted by Mr. Deakin to be re-affirmed, which was passed in 1902, affects only two nations—Russia and the United States.

Mr. LLOYD GEORGE: That is so.

Sir WILFRID LAURIER: You say you have no competition with the United States in that branch of business.

Mr. LLOYD GEORGE: None.

Sir WILFRID LAURIER: And very little with Russia. Therefore it does not affect you at all.

Mr. LLOYD GEORGE: No.

Sir WILFRID LAURIER: But it affects us tremendously on the Pacific Ocean. Mr. Deakin, representing Australia, and Sir Joseph Ward representing New Zealand, and I representing Canada, are very much hit by it. You have not competition with America but we have. The competition is very unfair. If the Americans choose to exclude us from their coasting trade, which is supposed to be generally a matter pertaining to the shipping of any nation, I do not think we should have much to say, but the Americans have extended their coasting law in a manner which seems to be absolutely unprecedented, if not trespassing upon international law, by extending coasting law to Honolulu. It places us at a tremendous disadvantage that shipping from Australia to San Francisco cannot call at Honolulu. A ship leaving Vancouver for Australia or New Zealand cannot call at Honolulu. It is a very serious impediment to our shipping. We have had to submit to it. We could not avoid it.

Mr. LLOYD GEORGE: Why?

Sir WILFRID LAURIER: Because we have had ships which traded between Australia and the United Kingdom which want to call at Honolulu, and they cannot do it now. There is the difficulty.

Mr. LLOYD GEORGE: Have you attempted to legislate at all?

Sir WILFRID LAURIER: What legislation can we do? We can only say: "We will do the same thing to you." We have offered again and again to reciprocate with the United States in the exchange of coastwise trade. We have a large coasting trade between Canada and the United States on the lakes. It would be to their advantage and our advantage to have coasting trade, because there is so much shipping on these lakes, and it is getting more and more voluminous every year, as everyone knows. It is a serious impediment on our shipping, but the United States have absolutely refused. So far as that goes they are within their rights, but when they go beyond their natural rights, and apply those to a country like Honolulu and to the Philippines also as part of the coast of the United States, although 1,000 miles away, that is most unfair treatment. At all events, it seems to me an abuse of the powers of legislation, and therefore the question is one of great interest to us. I can see the force of what you now tell us. It would expose us to retaliation and hurt our shipping, so the question is one that requires very serious consideration.

Mr. LLOYD GEORGE: But we cannot hit them. That is our trouble.

Sir WILFRID LAURIER: But we can, and we do not want to, or we would and perhaps we cannot. That is the difference. This resolution does not go very far. It does not bind you to anything. It simply asks for further consideration on the subject, and I think it worth consideration.

Mr. LLOYD GEORGE: As far as the Mother Country is concerned, we cannot possibly object to what Sir Wilfrid Laurier suggests now, if the resolution is to relate only to the Colonies.

Sir WILFRID LAURIER: I see the force of your objection, and you see the force of ours.

Mr. LLOYD GEORGE: I agree; if I were a Canadian I would hit them if I could.

Sir WILFRID LAURIER: We intend to, if we can. We ask you not to bind yourself to the resolution, but simply to inquire into the question. The question has never been properly looked into, but only superficially. It rests on international as well as other law, and I simply ask that the resolution be re-affirmed for further inquiry and nothing else. I would not ask the Conference to pledge itself to any definite action, but I think we are right in asking for the resolution to be re-affirmed for the purpose of going deeper into the subject. The conflict of interests between the British interest and that of the Dependencies on the Pacific Ocean is one which ought to be looked into, and I think under such circumstances the resolution ought to be re-affirmed.

Sir JOSEPH WARD: It would be just as reasonable if the British Government were to lay it down as a principle that Mauritius was to be looked upon as part of the coast of England, as what America has been doing to us and to England as well in the matter of Honolulu. We cannot trade between New Zealand and San Francisco with our steamers for the reason that the American law extending to Honolulu is, that not a passenger on that island can be shipped by one of our steamers, and not a ton of cargo. Yet

that place is some four days' steam from San Francisco out in the Pacific Ocean. When we submitted a resolution at the Conference over which Mr. Lloyd George presided to discuss the propriety of dealing with our New Zealand shipping to a number of islands in the Pacific, we are told that we cannot control them and that foreigners and everybody else can do as they like there. As a general principle, we do not take exception to that. We want the right to govern our own ships as to pay and everything; but when we go to a place on the road to England, under the laws of America, extending thousands of miles from the coast of the mainland, we are obliged to travel in an American ship only, and not have one of our ships under contract with them. This resolution, to my mind, is most important. That whole aspect of it comes under the scope of it and is deserving of great consideration at the hands of the British Government.

Mr. LLOYD GEORGE: You want us to consider the question of refusing to foreign ships the privilege of trading between British Possessions. It is of no use our considering it. We have considered it over and over again. We could not hit Russia or the United States.

Sir JOSEPH WARD: I will put a question, but I do not suppose you can answer it; it gives the clearest illustration of what has been done to us. If a law were submitted from our country about it, it would necessarily require to be held over before the King's consent could be given. If we were to suggest the imposing of a law in New Zealand to say that American shipping trade to New Zealand passing on to Australian ports was to be considered, between Auckland and Sydney, as working in a coastwise trade and not allowed to ship a passenger or a ton of cargo from Auckland to Sydney—1,200 miles—and that trade was confined to British ships, you would have to hold that law over because it would be in contravention of what has hitherto prevailed. Yet what we complain of and made representations about time and again are in somewhat the same position. A British ship, a P. and O., an Orient, Union New Zealand line, New Zealand Shipping Company or Australian vessel, cannot trade from America, and call at Honolulu, en route to New Zealand and take a passenger or a ton of cargo for the reason that it is controlled under the American coastwise law. There must be some way of reciprocity to prevent it. It is grossly unjust. It seems to me it is a straining of the idea of what coastwise trade is to such an extent as almost to make us believe we are living in the Dark Ages. It has never been done in the world before, and now, it is extended to the Philippines and we all feel it very keenly.

Sir WILLIAM LYNE: Did not they seize one vessel on one occasion?

Mr. LLOYD GEORGE: You might require Imperial legislation for that. I should not like to express an opinion.

Sir WILFRID LAURIER: All this is new to you, I am sure.

Mr. LLOYD GEORGE: Yes.

Sir WILFRID LAURIER: It shows the necessity of giving it more attention and more study. I am not prepared myself to say what should be done, but it is a new condition of things which has developed, and which ought to be looked into, because it is interfering with us very seriously; and with all due respect to the Americans, for whom we have a great admiration and with whom we are very friendly, they are intensely selfish in their

application of their law. We want to affirm this resolution for further investigation.

Mr. LLOYD GEORGE: I agree with you on the question of trade between Canada and New Zealand. I confess the facts which you have given me now, and the facts which Sir Joseph Ward has given, deserve close attention. I could not pretend that this question of coasting trade is new to me, and certainly it is not new to the department over which I preside, as they have gone into it over and over again. So far as the Mother Country is concerned, we have gone into it very carefully. I think it would be misleading if we said we would consider that question further, as if we had not considered it. Sir Wilfrid Laurier wants to consider the question of the trade between one Colony and another.

Sir WILFRID LAURIER: Between British countries.

Mr. LLOYD GEORGE: If you leave out trade between the Mother Country and the Colonies, and simply say coastwise trade between one Colony or British possession and another, that is where you seem to be hit. We here are not hit at all. The balance of advantage is enormously on our side. To pretend to look into a transaction which is so enormously in our own favour as if it were a grievance would be misleading. I agree that you are very hard hit as between Canada and New Zealand and Australia.

Mr. DEAKIN: Is it only when you have an immediate grievance that inquiry is justified or necessary? Ought there not to be a certain amount of protective preparation? Is not the fact that you are considering the various devices by which various nations endeavour to foster their own trade at your expense, a useful thing to be known? Should we not show that at all events you are following these things with close attention. You are not of opinion at present that they do you any substantial injury, but a proposition may be launched within the next month or two which would do substantial injury. Are you prejudiced in any way by inquiry? Are you not justified in letting it be known that your attention has been directed to this danger by the representatives of the Dominions beyond the Seas?

Mr. LLOYD GEORGE: But I do not want to alarm the shipping industry here. The balance is enormously in their favour. They do not want to call too much attention to it.

Mr. DEAKIN: This resolution has stood since 1902 without occasioning any alarm.

Mr. LLOYD GEORGE: I agree, as between one British possession and another there is a case; but there is no case to look into so far as our shipping trade with America is concerned. The advantage is overwhelmingly on one side. The same thing applies to Russia.

Sir WILFRID LAURIER: If this is an Imperial Conference, as we believe it is, questions have to be looked into, not only from the point of view of the United Kingdom, but all its Possessions. It does not affect you so far as the United Kingdom is concerned, but it affects us. We are part of the British Empire, and it seems to me, therefore, the question brought up justifies more inquiries, without at all alarming anybody. We say simply that it is desired to call attention to it.

Mr. LLOYD GEORGE: No, not quite.

Sir WILFRID LAURIER: It is desirable that the attention of the Government of the United Kingdom and the Colonies should be called to the present state and to the advisability of refusing——

Mr. LLOYD GEORGE: No, really, it would be very misleading. I am sure you will take it that, on the whole, we are the best judges of what the effect would be upon people here, how they would read it to-morrow morning, and would say: "They are going to consider the question of reserving the coasting trades to themselves." We know the danger of that from the American point of view, where the balance of advantage is so enormously in our favour at present. The same thing with regard to Russia. But I do not mind you saying that you are going to look into the question of the way America is treating New Zealand or Australian shipping, because there you have a distinct grievance, and I think you ought to look into it. If I may say so, and I think the Chairman agrees, it could only be dealt with by Imperial legislation. Therefore it is for you to look into it.

Sir JAMES MACKAY: The same applies to the trade from Japan across to San Francisco, which is carried on by British ships. They are not allowed to take a passenger from Honolulu to San Francisco, or a ton of cargo—that is the case with the White Star Line, and other vessels.

Mr. LLOYD GEORGE: We cannot hit the Americans in our trade. They are not in our coasting trade at all.

Sir JOSEPH WARD: If you brought down a proposition to-morrow (which would be a little startling, I admit) to say that the trade between Ireland and England was coastwise trade, and that no American ship could take a passenger or a ton of cargo to or from Ireland either going or coming, you would be putting American ships in the same position as New Zealand and Australian ships are in now with regard to trading between them and America viâ Honolulu or any of the Hawaiian Islands.

Mr. LLOYD GEORGE: It would be incredible that we should commit the folly of doing so. We are practically carrying more than half the whole international trade of the United States of America. For us to do a thing of that sort would simply mean reprisals. I do not know how long it would take to carry a Bill through the House of Representatives and the Senate—I do not think so long as here, even under the guillotine—but there would be a Bill through in three weeks, a subsidies Bill, and we should have the trades of the Atlantic contested in competition which would be just as formidable as the American competition we had to meet in the fifties.

Sir JOSEPH WARD: I say at once it would be a very improper thing to do, I should be very sorry to see it done; but that is exactly what goes on so far as we are concerned in regard to Honolulu.

Mr. LLOYD GEORGE: I think Sir Joseph Ward, Sir William Laurier, and Mr. Deakin have made a great case about that, but seeing that all the object you have in view is met by confining the resolution to an inquiry as to the trade between one British Colony and another, I think it would be misleading for us to subscribe to a resolution which looks really as if we were in favour of the principle of refusing the privileges of the coasting trade to foreign ships.

Sir WILFRID LAURIER: You are the best judge of that. This resolution, as Mr. Deakin says, has been in existence for five years, and it has not disturbed anybody.

Sir JOSEPH WARD: It would have a very undesirable effect, which I assume you would be the last one in the world to bring about, of practically reversing a proposal carried by a former Conference, whether generally adhered to or not, is another question. One colony, New Zealand, having introduced legislation to conform to it, to a large extent, if you refuse to re-affirm it now it looks like going back upon the 1902 resolution.

Mr. LLOYD GEORGE: The resolution was passed in 1902 and the Imperial Government have inquired and made up their minds. To say at the end of five years that they are going to inquire again, is rather puerile. You have dealt with the question as the result of the resolution, and Australia means to deal with it next year. For us it would be purely childish. We do not mean to deal with it. We mean to leave it alone. But here is a perfectly new point raised by Sir Wilfrid Laurier, and there I think we ought to inquire, but so far as the trade between the Mother Country and the Possessions is concerned, it would be quite misleading for us to say we had the slightest intention of dealing with it in the sense of reprisals against the United States and Russia, who are the only two countries involved. But you are raising a different point, and it would strengthen the resolution and show we mean business to confine it to that. We have inquired into the subject and come to the conclusion that we cannot do anything; but in our judgment something may be done with regard to inter-Colonial trade.

Sir WILLIAM LYNE: Would you suggest anything being done with regard to inter-Colonial trade?

Mr. LLOYD GEORGE: We are quite willing to look into that matter. It seems to me that there is a case. Of course it will have to be done at the request of the Colonial legislatures; but I believe there would have to be an Imperial Act to take power by Order in Council to exclude countries not giving fair treatment to Colonial shipping. It would have to be an Imperial measure. I suggest leaving out "between the Mother Country and its Colonies and Possessions," so that the sentence would read "including trade between "one Colony or Possession and another to countries in which the corre- "sponding trade is confined to ships of their own nationality." That is the real case you have to look into as far as I am aware.

Mr. DEAKIN: I stand by the resolution as it is.

Sir JOSEPH WARD: I do not think the alteration would be any use, with all deference to Mr. Lloyd George; because if you look at the resolution as altered, it means we have to look into the question as affecting shipping belonging to our own country.

Mr. LLOYD GEORGE: No.

Sir JOSEPH WARD: Pardon me, we are confined to our own waters, and we can do that now. We do not want a resolution of the Conference to do that.

Mr. LLOYD GEORGE: No, this pledges us; it is not a pledge by you merely. I am not trying to get out of the pledge for the Imperial Government.

COASTWISE TRADE.

Dr. JAMESON: It is an inquiry with a view to action being taken between the Colonies.

Mr. LLOYD GEORGE: The Imperial Government are to take action. It would be on the initiative of the Colonies. A Bill in Australia or New Zealand dealing with trade between the two countries would not have effect, and it would have to be done through the Imperial Parliament. This does pledge us to go into the matter.

CHAIRMAN: Can we come to a point of agreement? because the First Lord of the Admiralty is waiting.

Mr. F. R. MOOR: I think it rests with Mr. Lloyd George.

CHAIRMAN: The resolution was circulated, and it is proposed to omit the words "between the Mother Country and its Colonies and possessions and . . ."

Mr. LLOYD GEORGE: Yes.

Dr. JAMESON: Is it worth while to cut out this? You say it has been inquired into, and the Imperial Government will not do anything. The Imperial Government can never know what circumstances may arise and what inquiry may be worth while. It does not commit the Government to anything. Why not leave it as it is?

Mr. LLOYD GEORGE: The word "advisability" makes all the difference. On the other hand, if you take that out, it would weaken the resolution so far as the inter-Colonial trade is concerned.

Sir WILFRID LAURIER: As far as we are concerned, I would have the resolution as it is or not at all. If the British Government cannot accept it, there is an end of it.

Sir JOSEPH WARD: That is my opinion also.

Mr. LLOYD GEORGE: I do not think we can possibly accept it.

CHAIRMAN: Is that your opinion, Sir Robert?

Sir ROBERT BOND: Yes.

Resolution X., p. viii.

Mr. DEAKIN: I vote for the resolution as it is.

Dr. JAMESON: Yes.

Mr. F. R. MOOR: I am guided by my colleagues. We are not directly interested, but I think those other Colonies know their minds, and I vote with them.

CHAIRMAN: Have you any opinion to offer, General Botha?

General BOTHA: No.

Mr. LLOYD GEORGE: There is no coast trade for the Transvaal. We cannot accept the resolution.

Mr. DEAKIN: We affirm it, and you dissent.

CHAIRMAN: Yes, we dissent.

REVISION OF COMMERCIAL TREATIES.

Mr. DEAKIN: I presume there is no objection to the next: "That the "Imperial Government be requested to prepare for the information of "Colonial Governments, statements showing the privileges conferred, and the "obligations imposed, on the Colonies by existing commercial treaties, and "that inquiries be instituted in connection with the revision proposed in "resolution No. V." You have presented most of this information.

Mr. LLOYD GEORGE: Yes.

Mr. DEAKIN: I presume that will be carried.

Sir WILFRID LAURIER: That is a very proper thing.

Mr. LLOYD GEORGE: Would you mind explaining the last sentence of it?—"to ascertain how far it is possible to make those obligations and "benefits uniform throughout the Empire"?

Mr. DEAKIN: We quite recognise that in many cases there must be special treaties which will only affect parts of the Empire and not the whole of it. But surely it is desirable that these differences should be reduced to a minimum, and that, wherever possible, treaties should have sway if possible over the whole extent. In many cases they are relatively immaterial. Minor treaties are proposed to us, and we say no to them because we have no interest one way or the other; but if it was represented to us that the Commonwealth was the only place in the Empire which was not agreeing, no doubt for the sake of uniformity we should say: "Very well, we will fall in with it." It does not mean very much, but it clears the way by encouraging general action instead of partial action. It is not intended to go further.

Mr. LLOYD GEORGE: I do not see any objection to that.

Sir JOSEPH WARD: Nor I.

Sir WILFRID LAURIER: What is the meaning of resolution No. V.

Mr. DEAKIN: It is at the end of the one we have just had: "That the "Imperial Government be requested to take the necessary steps for the "revision of any commercial treaties which prevent preferential treatment "being accorded to British goods carried in British ships." I did not move that at this stage, because I proposed to refer to it very briefly in connection with the question of the treaties raised by the resolution of the Government of New Zealand.

Sir WILFRID LAURIER: Will you read it, and move it?

Mr. DEAKIN: I have only moved the resolution lower down: "That the "Imperial Government be requested to prepare for the information of "Colonial Governments, statements showing the privileges conferred, and

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REVISION OF COMMERCIAL TREATIES. (Mr. Deakin.)

" the obligations imposed, on the Colonies by existing commercial treaties, " and that inquiries be instituted in connection with the revision proposed " in resolution No. V., to ascertain how far it is possible to make those " obligations and benefits uniform throughout the Empire."

Sir WILFRID LAURIER: You refer in that to resolution No. V. What is resolution No. V.?

Mr. DEAKIN: That would not stand yet.

Sir WILFRID LAURIER: We had better have that in blank.

Mr. LLOYD GEORGE: Yes, that goes out.

Resolution XI., p. viii.

Mr. DEAKIN: Take out the words "with the revision proposed in " Resolution No. V." When that is done I think we should either bring up the part of resolution No. V. alluded to under the resolution of the Government of New Zealand, or if Sir Joseph Ward prefers, I will move it now independently.

After further discussion in private, on resuming:

CHAIRMAN: Lord Tweedmouth is waiting to deal with Naval Defence, and this present discussion may last some time.

Sir JOSEPH WARD: I think it would be better to postpone this, and hear Lord Tweedmouth now.

Mr. DEAKIN: Certainly.

NAVAL DEFENCE.

CHAIRMAN: I understand that different members of the Conference have had interviews with the Admiralty, and the First Lord is now prepared to state to the Conference the result of those interviews and try to get your decision on the whole subject.

Lord TWEEDMOUTH: Lord Elgin and gentlemen, since we last met I have had the opportunity of having conversations with various of the Prime Ministers, and also with their colleagues, and they have had some conferences with some of my colleagues at the Admiralty also. I do not know that I have any very definite plan to propose to you. I can only repeat what I said before, that at the Admiralty we are most anxious to meet the wishes of the various Colonies. But, of course, the real difficulty is that the position varies in the different Colonies and they have very different wants.

The basis that I think we want to go upon is in the first place to acknowledge that it is perfectly impossible in modern warfare to improvise defence; we must have it ready. That is the case with the army, no doubt; but it is still more so in any naval operations, because you require to have the ships, and you require to have the men and officers, who have to undergo a long and severe training.

Now the situation, it seems to me, is this. I will take a colony separately, or I will take Australia and New Zealand together, because the agreement with New Zealand and with Australia is a tripartite one—New Zealand, Australia and ourselves. We all hang together in the existing agreement, and all are mutually bound. Australia now gives a sum to the Admiralty of 200,000*l.* under certain conditions, and New Zealand gives 40,000*l.* The Cape Colony gives 50,000*l.*, Natal 35,000*l.*, and Newfoundland 3,000*l.*

As I understand, Australia puts forward a proposal that the agreement of 1902 should be ended, and that Australia should start something in the way of a local defence force. I do not know how far New Zealand concurs in that suggestion. Sir Joseph Ward asked for some information on the subject, and he had some talk at the Admiralty about it. He asked that some information might be given to him with regard to the cost of such a local defence, which in effect was to be founded on the establishment of a force of submarines. I do not know what is Sir Joseph's view, but I think it is rather important I should know the exact position he takes up if he adopts the idea of the possible establishment of a submarine service. I think, shortly, it may be stated that each submarine would probably cost about 50,000*l.* capital expenditure for building, and probably each submarine might cost about 8,000*l.* to keep going every year—I mean, to pay the men and keep it in repair, maintain the necessary appliances, and so forth. Then comes a question as to the manning of a submarine, because that is a very important matter. The submarine men must be very highly trained. I think there would be two ways of meeting that. One would be by sending the men over to this country and getting them trained here, and probably the training might be done in a year. I think it would certainly take a year before the men would be competent to do the duties required of them in a submarine. Or it might be done in another way. Provided the flotilla were large enough, we could send a crew, or more than a crew, out to the Colony which would be able to train men belonging to the particular Colony in the work they had to do.

Then comes the question of South Africa. There, again, I believe the idea of submarines is not altogether opposed to the opinion of the South African representatives, and I believe that the establishment of a flotilla of submarines by degrees would be favourably considered, at any rate in Cape Colony; I do not know what Mr. Moor would say with regard to Natal. As I understand, the South African Colonies as a whole would like to have some

definite force of their own, either a submarine flotilla, or help with regard to their naval volunteers at Cape Town, Port Elizabeth and in Natal. Again we should be very glad to give some help with regard to that.

I ought to have said first, that so far as concerns the flag under which the submarines would sail, probably they would fly the white ensign but with a special mark on the flag—say the Southern Cross for Australia.

Mr. DEAKIN: We have the Union Jack with the Southern Cross besides.

Lord TWEEDMOUTH: That is the sort of proposal to which we should be prepared to agree supposing that particular plan were adopted.

I do not think I need say anything with regard to Newfoundland. I understand that the Newfoundland view is that the present system should be maintained. The Government of Newfoundland would be very glad if a greater number of men were added to the Naval Reserve in Newfoundland, and they would be ready to give some further help in addition to the present 3,000*l.* which is paid by Newfoundland.

Sir ROBERT BOND: Upon precisely the same basis—yes.

Lord TWEEDMOUTH: Yes, upon the same basis. With regard to Canada, I think I may say there has perhaps been some exaggeration in the idea that Canada does not do anything for the Empire in this matter. I think not sufficient account has been taken of the work they have done in taking up the protection of fisheries. They are very anxious to extend that work, and they have now taken over the dockyards at Halifax and Esquimalt, which I hope the Dominion will keep up and improve. I think that is really a very considerable contribution towards the general upkeep of our naval interests. There is at present no proposition from Canada to make any change at all, but I think it is proposed that matters shall go on very much as they have gone on, except that the Canadian representatives announce that they are anxious to do all that they can to expand the interest in the Navy throughout the Dominion, and in that way think that they will be really giving a great help to the Empire as a whole.

I think the important point we have to consider is the present situation in the various Colonies which already pay subsidies.

Then there is the question of manning. Of course Australia has already a considerable number of Naval Reserve men and men who are in the Navy. There are going to arrive here next week, on the 20th, 30 Australians and 10 New Zealanders, who are going to join British ships in this country for training. We shall welcome them very heartily, and I hope that they will gain great good by their visit and by the training they will receive.

Mr. DEAKIN: The training they are coming for is the higher training which could not be obtained on the squadron.

Lord TWEEDMOUTH: Yes. You have now in Australia, I think, nearly 1,000 men of one sort or another who have been connected with the Navy or who are in the Reserve and so forth. If Australia prefers to terminate the arrangement with regard to the subsidy, the burden of those men would naturally fall upon Australia. That would be one of the things that would have to be provided for if the subsidy were dropped.

Mr. DEAKIN: Yes.

Lord TWEEDMOUTH: I think I ought to say with regard to this question of manning that the number of men necessary for the British Navy must necessarily be limited. We cannot take in an unlimited number. At this moment I should think we have at least six times as many applications from men to enter the Navy as we can take in. Therefore, whatever arrangement may be come to with regard to manning throughout the Empire, it would have to be understood that it must be limited, because beyond a certain limit we should not have any use for the men.

Dr. JAMESON: The rank and file—able-bodied seamen—six times as many as you want?

Lord TWEEDMOUTH: I think I am putting it under the mark rather than over it in saying that.

Then I ought to say a word about the question of cadets. I think that in the Agreement of 1902 an arrangement was made by which there should be a certain number of cadets from each Colony. There were, I think, eight from Australia.

Mr. DEAKIN: You mean cadets coming into the Royal Navy to become officers.

Lord TWEEDMOUTH: Yes. There were eight for Australia; two for New Zealand, two for the Cape; one for Natal; and two for other Colonies; a total of 15. I think the arrangement with regard to that has not been altogether understood. It has been imagined that the cadets were to be taken in anyhow. Really it only comes to this, that there are nominations given to that number of cadets, and then some of them are examined in Australia. Some come to schools in England and are examined here. So far as the Colonial cadets are concerned, I think it is only right for me to say that those who have been examined out in Australia are found not to be up to the standard of education which is prevalent amongst the same boys in England, and a good many have been rejected. I think the idea is that this number is given without consideration of the qualities of the boys, whereas in fact a good many boys have been rejected on examination.

Mr. DEAKIN: All this is news to me.

Lord TWEEDMOUTH: Take 1903, for instance. In that year there were six Australian nominations—three passed and went in. In 1904 there were again six boys examined, and three passed into Osborne. In 1905 Australia sent eight, of whom two passed in. In 1906 five Australian cadets came up, of whom four passed in, and in this year I think four have come up, and one has passed in and one has not yet been examined. I do not think the system has been thoroughly understood. I think the idea has been that the nominations given were supposed to be absolute cadetships; whereas, they were only nominations to candidates in order to to go through the examinations, and so enter in the same way as the cadets who enter here.

Mr. DEAKIN: No complaints have reached me.

Sir JOSEPH WARD: You have had nominations from New Zealand also.

Lord TWEEDMOUTH: Yes, from New Zealand in 1903; one entered and one passed; in 1904 two entered, of whom none passed; in 1905 two

entered and none passed; in 1906 one entered and one passed; and this year one entered and one passed.

Sir JOSEPH WARD: I understand there is a limit to the number which you are allowed to nominate in any case?

Lord TWEEDMOUTH: Yes; two from New Zealand in a year, and they are examined. A special examiner is appointed to examine them out there; or else they come here, and they are examined in the ordinary way.

Sir JOSEPH WARD: How many do you allow from each of the other countries that are allowed to nominate in one year?

Lord TWEEDMOUTH: Eight for Australia, two for New Zealand, two for Cape Colony, and one for Natal; and the other Colonies two. Canada was not included in the original agreement, and those two were left for the Dominion and the other Colonies.

Dr. JAMESON: When does that wholesale ploughing take place—at the original entry or at any other time?

Lord TWEEDMOUTH: Before they go in at all.

Dr. JAMESON: Simply on general knowledge examination?

Lord TWEEDMOUTH: Yes.

Mr. F. R. MOOR: Are the examinations here, or in the Colonies?

Lord TWEEDMOUTH: The examinations are held either in the Colony itself, or some boys come over here and go to school here, and then afterwards are examined. I ought to say that, as a rule, we have about three times as many candidates for these examinations as we can take; that is, about 200 come up, and 70 are taken. I think an idea has got about that the Colonial Cadets are entitled to come in They are only entitled to come in provided they pass tests similar to those imposed on boys from this country.

Dr. JAMESON: I think it is always acknowledged it is merely a nomination, and they have to pass. Is the South African black list as bad as you have just read?

Sir JOSEPH WARD: That idea is not prevalent in New Zealand. There is no misconception as to the conditions.

Lord TWEEDMOUTH: I am glad to hear that, and that is why I mentioned it to-day. From the Cape, one entered in 1903, and one passed; in 1904, there were two entered, and they were both unsuccessful; in 1905, two went in, and two passed; and in 1906, one entered, but he appeared before the Interview Committee here and was not rated sufficiently high to be taken.

Dr. JAMESON: That is physically?

Lord TWEEDMOUTH: No. In 1907, one has entered but he has not yet been interviewed.

I do not know that I have very much more to add, except to say that we are anxious to meet you if we possibly can. If Australia makes up its mind to start something in the way of a local defence force, we are quite ready to give all the assistance we can to it. If New Zealand wishes to go on with the subsidy, again we are quite ready to arrange for that, or equally willing, if they prefer to go in for a submarine flotilla, to help in that. The same with regard to the Cape; we are quite ready to meet their wishes. If they in South Africa wish to try a submarine flotilla, we are quite ready to help. Also, in the meantime, I think we should be quite ready to try to arrange for a training ship for the naval volunteers, and so forth. But with regard to that, one particular point is that your volunteers are very desirous in South Africa to become a division of the Royal Naval Volunteer Reserve, and thereby obtain the name of "Royal." That depends, in the first place, on your passing an Act in your local legislature.

I do not think I could make a definite promise with regard to leaving a ship continually there. That is a matter for future consideration. Indeed, if this is to become part of the charge made on the subsidy, then I think as time goes on the expenses for a ship ought to be borne by the Colony as well.

Dr. JAMESON: As time goes on they will do very well for us, because we all say we ought to give more. In the meantime it will help with what we do.

Lord TWEEDMOUTH: We shall endeavour to carry on the arrangement with regard to a ship at present; but I would not like to pledge myself that for all time we should have a ship there. On the contrary, I think the proper thing would be that the training ship for your volunteers should be part of the Colonial force.

Dr. JAMESON: Out of the contribution?

Lord TWEEDMOUTH: Yes; I think that is all I can say. If any of the Prime Ministers would now say what they think, if I can meet them in any way, I shall be very glad.

Mr. DEAKIN: Lord Elgin and gentlemen, as Lord Tweedmouth mentioned Australia first, perhaps I may be permitted to say that the Commonwealth will recognise the extreme fairness, and generosity, with which he has met us. In conceding perfect freedom, notwithstanding the existence of an obligation which has yet several years to run, you have shown that in every possible manner you desire to keep in close accord with the feelings of the outer Dominions. In Australia, for reasons which have already been put on record in the despatch which I had the honour of addressing to the Admiralty about two years ago, the existing contribution has not proved generally popular. It was passed because it was felt that some distinct recognition of our responsibility for the defence of our own country and of the Empire of which it is a part, was necessary, and though it did not take the form which commended itself most to the very large minority, possibly even a majority, of the electors we accepted that mode of co-operation until some better presented itself. Further consideration has convinced the public that the present agreement is not satisfactory either to the Admiralty, the political or professional Lords of the Admiralty, or to the Parliament of the Commonwealth. In your case you find yourselves to a certain degree shackled even by the very general restriction as to the station

of the fleet which is imposed by the present agreement. Originally, under the Agreement of 1887, the Australian fleet was limited to Australian waters. When that agreement expired, another agreement was entered into by which a fleet or squadron of increased strength was provided, and its sphere of action enlarged to the China and Indian seas. As a consequence, it appeared to many in Australia that the local protection which was its primary condition was so far departed from that it had practically ceased to exist. Nor could this new development of policy be challenged because all expert opinion agrees that the proper place for a defensive force is where it can deliver the best blows at any offensive force directed against it. It was quite probable that this would not be immediately on the coast of Australia, but rather in the Indian Ocean, or to the eastward towards the China seas. It is as much in the interest of the Commonwealth as of the Navy that whatever power it can bring to bear should be available wherever the enemy is to be found in force, but this meant the withdrawal from our coast of ships to which we have been accustomed to look for localised protection, and also for the world-wide operations of the British Navy. Their withdrawal brought more home to the public particularly of our great States on the seaboard the nature of the risks to which they must be exposed in the absence of the squadron. Practically every capital, with perhaps the single exception of Perth, is upon the sea; Sydney, Adelaide, and Hobart, are all easily approachable from the sea. In the case of Melbourne, Port Phillip heads, and the forts there could, if effective, keep an attacking force at a distance. Yet, supposing the heads to be passed, Melbourne, too, would lie directly open to any attacks. Brisbane runs a somewhat similar risk. The Committee of Imperial Defence, after giving this question full consideration, have decided that a regular attacking force is not to be anticipated in our Antipodean situation, under any circumstances that it is necessary to directly provide for in advance. They look forward to the possibilities of a raid, consisting in all likelihood of some four fast half-armoured or partly armoured cruisers, carrying forces of from 500 to, at the outside, 1,000 men. Even an expedition of those small dimensions, calling for a very considerable provision in the way of fuel and other arrangements, would make only a transitory dash for our ports and shipping rather than a series of prolonged attacks. But, whatever the nature of the assault is to be, its possibility leaves the large population of our seaboard States with a sense of insecurity, emphasised by the probability of the withdrawal of the squadron some thousands of miles away to deal with the expected enemy there. Consequently, the demand for some harbour and coast defence has been pressed upon the minds of the people in general, and has been lately several times considered by Parliament. It is thought that while it may be the best possible naval strategy to withdraw the squadron to remote portions of the seas surrounding Australia, the contingency of our being raided, even by a few cruisers, and of our commerce being driven into the harbours or destroyed, or enclosed in the harbours, is not one that a community ought to contemplate unmoved. Hence our desire for the local protection to which you have already alluded. Our proposal to replace the existing agreement by the establishment of a force in Australian waters is not due to motives of economy. On the contrary though it will involve a greater expenditure upon maritime defence than we have ever undertaken I believe that those proposals will be willingly accepted by Parliament. Of course we shall require to proceed by degrees, but even then the expenditure proposed will exceed the payment now made to the Admiralty, plus the payments that have been made for several years past upon such naval defences as we have retained. At all events, the present temper of the electors encourages me to believe that in the course of a few years we shall see, in proportion to our population, a fairly effective harbour defence, which may

be extended, if our means permit, to some approach towards coast patrol. I do not say coast defence, because that would imply a size and character of ship which our finances, I fear, will hardly be able to afford for a long time to come.

In regard to the very judicious remarks you have made with reference to the question of manning, for my own part, I quite realise the wisdom of associating any local force which we may develop in the closest possible manner with the Navy. Of the efficiency of the Navy and the quality of its officers and men we have, from personal experience, in times of peace it is true, but still from prolonged experience, the highest possible opinion. Every confidence is felt in Australia both in British ships and British sailors, and no doubt is entertained of their capacity to give the best possible account of themselves when the time of trial actually arrives. But we also recognise that the Navy as a fighting machine is only kept in its condition of efficiency by the constant maintenance, even in the lowest ranks of the Service, of the highest state of training. We appreciate the discipline and training which our men have received in the squadron, and anticipate in the future that, by similar means, by association with the Navy, we shall be assisted to keep our local vessels, whatever they may be, up to its high standard. We shall not be willing in any way to accept for ourselves any less degree of proficiency than that which His Majesty's Navy enjoys, and by which its reputation has been established. A force, small as ours must be, would enjoy few, if any, opportunities of advancement for officers and men if it were a completely isolated service. On the contrary, it has everything to gain by being kept in the closest possible touch with the Navy, and with all advances as they are being made in Naval tactics or training. If, therefore, our partner, New Zealand, is able to devise what would be to them a satisfactory scheme of local defence, or make some amended agreement with yourselves, I believe the Parliament of the Commonwealth would desire to terminate the present agreement, to set free the ships of the squadron from any obligations at present imposed, and to devote our funds to the provision of a local force. The agreement, as you properly observed, is tripartite, and requires the consent of New Zealand as well as that which you have given. I quite recognise that. I have made no appeal to my friend, Sir Joseph Ward, either in public or in private on this head, because I felt it was a matter which he required to consider independently. As he knows, I have made him no suggestion on this topic of any kind whatever. But I say it will be a source of gratification to us if his Parliament terminates this agreement in order to follow, so far as New Zealand is concerned, whatever course it may think best. For our part, Lord Tweedmouth, your overture will be made known in the Commonwealth. Your words of counsel and approval will be very highly esteemed. We recognise this as a further step in the exercise of our self-governing powers with which are properly attached the responsibilities which can never be dissociated from them. Those responsibilities we have no desire to avoid; on the contrary we shall assume them with confidence in ourselves and in our cause, providing, so far as our means and population permit, a defence of the harbours of Australia, which will be an Imperial defence; it will not be the shipping owned in Australia alone that will enjoy the protection of our ships and forts; it will not be commerce especially Australian that will be protected by this harbour defence; but of course the same protection will be secured by these means for all British shipping and cargoes. The necessary supplies, the necessary coal, either for the mercantile marine or for your vessels of war, will there be under safe shelter and always at hand. All the stores required to maintain the Naval force while it is in our waters would be safe in time of war. These, I take it, are no mean steps towards the protection

of that portion of the Empire not merely for its own needs, but affording a Naval base for all operations which may need to be conducted in those seas. That ought not to be under-valued. Every development of Naval force in Australia is a development of the Naval forces of the Empire. It will be capable of being utilised for defence and also in connection at any time with your squadron in our waters for offence also. Of course, even if the agreement be terminated, the visits of the squadron to our seas will not cease. They will be paid in ordinary course. I also understand that as at present the Navy will, for its own sake and in recognition of our common interests, obtain the largest portion of its supplies from Australia and New Zealand; that is to say, whatever supplies can be obtained on the spot; that we shall have the opportunity of seeing in our ports the ships of this powerful united fleet that will be composed of the three squadrons of Australia, India, and China. That is very necessary as maintaining a link of Empire of a very real character, which makes an extremely strong appeal to the patriotism of our people. The Navy is immensely popular. The British Army we do not see except in our own militia. The Imperial Navy represents the great guarantee of its existence as well as a guarantee of our liberties and constitutional privileges. The Navy is an extremely popular Service, and, realising that, we are sure the Admiralty will not fail to allow us the opportunity from time to time of seeing the splendidly manned and equipped vessels which have made the British flag paramount in all seas.

I could not pass by a speech so extremely gratifying to Australian sentiments as your own without this notice. I do not for one moment pretend to have adequately dealt with it.

Let me say in conclusion, that, of course, we look upon any vessels for local defence not only as Imperial in the sense of protecting Australia, but because they will be capable of co-operating with any squadron, or any part of your squadron, which you may think fit to send into our waters to meet any direct attack in proximity to our coasts. In that way, we ought to be able, with the type of vessel we shall have, when associated with your larger ships, to render extremely effective assistance. And so far from the termination of this agreement in any way concluding our close and intimate relationship with the Imperial Navy in Naval Defence, I hope it will be the means of enabling us to extend Naval development, in very efficient forms, in our own seas, making it of such a character as to be of material assistance if ever a foe to the flag should find his way into our waters.

Sir JOSEPH WARD: Lord Elgin and gentlemen, I would like to try and make the position, as far as New Zealand is concerned, quite clear in connection with this matter. The remarks I made on a former occasion—which I do not propose to refer to at any length again—I adhere to in every respect. That is, in brief, that in a developing country of the size of New Zealand, about the size of Great Britain and Ireland, and a comparatively young country, we cannot undertake the possible future obligations entailed in the making for the provision of anything in the shape of a local navy. We believe it is of great consequence to the future development of New Zealand with its enormous potentialities for the settlement of people, that the necessity of maintaining that development must, in view of the financial obligations involved in providing a local navy, take precedence with the Government of that country in the interests of the people of that country. I adhere absolutely to what I stated before in that respect. New Zealand has made no request of any kind for an alteration of the existing agreement, and I readily acquiesce in the suggestion made by the First Lord of the Admiralty that New Zealand in relation to the Mother Country will of

necessity require to continue by direct subsidy or an increased subsidy which we are quite willing to give for a continued attachment to the Navy proper which we consider is so important to us.

I have had the opportunity, owing to the courtesy of the First Lord of the Admiralty of discussing matters with him since we last met, and I asked for some information to be furnished to me regarding submarines. This I received late last night, and only had an opportunity of looking at it since I arrived at the Conference this morning. I have read the statement this morning with considerable interest It goes without saying that I am not prepared—in fact I mentioned it to Lord Tweedmouth when speaking to him—to commit the Colony of New Zealand to any departure in the way of a suggested submarine service without having had the opportunity of conferring with my colleagues and in turn, any great departure if we contemplated making it, we would require to submit to our Parliament and have the ratification of our Parliament upon before assent by me at this Conference could be by any means directly or indirectly implied. I should be only too glad, however, to have the aspect of it placed before me, and when I have had an opportunity of discussing, placed before my colleagues with a view to our considering whether the suggestion of a submarine service, pure and simple, without the attendant surroundings of a local navy, as an alternative to an increased subsidy, could then be taken up by New Zealand as a part of the great organisation of the defence of the Empire as a whole, and that portion of which is New Zealand especially.

I want to make the position clear so that the Admiralty, who are no doubt better posted upon these matters than I am, may know. We have 14 towns on the sea coast. The majority of them are very important towns. There is not one of them that is more than 9 miles at the outside from the ocean or to the port unless it be the city of Dunedin, which to the ocean itself, irrespective of the means of ingress and egress that ships have to take, is only 5 or 6 miles away from the Pacific. Though Lord Tweedmouth has not to me personally, or at the Conference, given any lead or indication as to what the Admiralty favours—whether it is the organisation of a local submarine service, and the responsibility being taken upon the shoulders of Australia and New Zealand—I have had no indication personally whether that method of dealing with the Colonies is more acceptable to the Admiralty than the continuation from the New Zealand point of view of a subsidy. I wish to add that from my point of view it would be of considerable importance for us to know what the Admiralty itself favours. If the Admiralty were to say to New Zealand that they believed as a matter of defence of that portion of the Empire that the system we have been party to for so many years has, as the result of changes in the scientific development of these submarines, become to some extent obsolete, or not so valuable, and make the suggestion of a submarine force that would weigh considerably with the Government and the people in arriving at a decision as to the best course to follow in future, I think myself that the opinion of the Admiralty would be valuable. I recognise Lord Tweedmouth has taken a completely impartial stand, and allowed it to be at the voluntary action of the Colonies themselves to elect whether they go in for the subsidy or the submarine defence. In that respect, if I may be allowed to say so, it is particularly fair to the Colonies, and will be appreciated by New Zealand to be allowed from the standard of self-government to do as we think proper. We would like to have the opportunity of ascertaining what is the preference of the Admiralty in this suggested system of local defence for Australia as against the one for New Zealand for the continuation of a subsidy.

Mr. Deakin has already, for his country, said Lord Tweedmouth has acted with a generous consideration for the views put forth by Australia, having

assented to their proposal by stating he was prepared to agree to whichever course they desired. That brings up the question of the position of New Zealand as one of the contributors to the agreement, whether we are going to hold Great Britain and Australia to that agreement, or set them free to do at an early date what they think is essential and proper for them. I can only say at once I am perfectly certain both my colleagues and the Parliament of my country, if the First Lord of the Admiralty, who is responsible for the general government of the sea defences of the Empire itself, is willing to meet Australia in that respect, we would not adopt a dog-in-the-manger policy, but I think would favourably consider the cancelment of the agreement, with a view to allowing Australia to have a free hand with the Admiralty, and New Zealand also, on its own line, to have a free hand to carry out what it considers is best for our particular circumstances, in order to make the position easy of settlement, as between the Admiralty and the Commonwealth of Australia, I shall be only too glad to recommend it to my colleagues, and to recommend it to my Parliament. In any case it would take some little time to give effect to the change that Australia wants from that point of view, and long before any inconvenience could arise no doubt the Parliament of our country would give expression to what I am now voicing here as its representative. New Zealand as a country has been desirous of giving upon the basis of the contribution of Australia its fair proportion. The six States of Australia gave an average of a little over 33,000*l.* each, and originally as fixed the contribution of a colony like New Zealand was fairly proportionate to the individual contributions of the States of the great Commonwealth of Australia, and we paid our 40,000*l.* a year. I am quite certain New Zealand, if required to, under altered proposals that may be suggested, with a view to cementing the defence of the Empire as a whole, would be willing to increase its contribution.

I thank Lord Tweedmouth for the information he has furnished to me. I am exceedingly obliged to the Admiralty. The whole matter will receive the fullest consideration of my colleagues and myself at the earliest possible date.

Dr. SMARTT: Lord Elgin, and gentlemen, I am extremely obliged to Lord Tweedmouth for the statement he has made (a statement which I think will be welcomed by the people in Cape Colony, and certainly by the Naval Volunteers) that he has kindly consented to agree to meet the request that on the passage of the Bill submitted to the Admiralty the title "Royal" should be attached to them.

I think, on the first meeting we had with the First Lord of the Admiralty, he stated it was the intention of the Admiralty, as far as possible, to deal with each Colony on the lines of the particular circumstances appertaining to that Colony. I think the statement that he has made to-day shows the earnest intention of the Admiralty to try and move forward in that direction.

So far as the Cape is concerned, I take it Lord Tweedmouth's statement for the Admiralty is first, that on the passage of the Bill which has been submitted to the Admiralty, the Naval Volunteers will be able to style themselves Royal Naval Volunteers; secondly, the Admiralty will, pending further arrangements, place at the disposal of the Naval Volunteers a ship, most probably the "Odin," with her guns, on which our volunteers, as well as those of the sister Colony of Natal, can get as thorough a sea-going training as possible. In the meantime, the cost of the nucleus crew for that ship, whatever crew the Admiralty considers necessary to enable her to go to sea, would be defrayed out of the joint contribution now given by the Cape and Natal to the Admiralty. I presume I would be in order, after

your statement, in allowing the volunteers in Cape Colony to know that on the passing of this Bill, this will come into effect?

Lord TWEEDMOUTH: Quite so.

Dr. SMARTT: I can assure you that that will be most satisfactory and will give a great fillip to the Naval Volunteer movement in the Cape.

Lord TWEEDMOUTH: We think in the end that the vessel ought to be a Colonial one.

Dr. SMARTT: Yes. Further, I take it that the proposition the Admiralty make is that they would encourage the spirit of local defence and local assistance for naval purposes, and that the best direction in which that could take effect would be either in the direction of submarines, or I suppose the Admiralty would also be prepared to consider the question of destroyers.

Lord TWEEDMOUTH: Certainly.

Dr. SMARTT: I should take it that the submarine is a ship that only employs a small number of the most highly trained experts?

Lord TWEEDMOUTH: That is so.

Dr. SMARTT: She is not a vessel that will go far out to sea, whereas, in the establishment of the destroyer class, you would at once imbue your people with the spirit of seamanship and the idea that they were rendering greater service, because they could go some little distance out to sea, and that would be a great incentive to developing a naval spirit amongst our people.

Lord TWEEDMOUTH: I think the development of submarines is going to be such in the future as almost to supersede the destroyer; that it will have a much larger sea range, and it will be not merely a defensive vessel, but a very distinctly offensive one.

Dr. SMARTT: But, in the meantime, the Admiralty would be quite prepared to consider, if the Cape desires to accept further obligations, whether it should take the shape of submarines or destroyers?

Lord TWEEDMOUTH: Yes, either or both.

Dr. SMARTT: Should that position be taken up, the grant which is now paid to the Navy, and any further amount that might be necessary, would be devoted to this purpose instead of being paid to the Admiralty as at the present moment. That is a point I want to be very clear upon. The Cape and Natal are giving 85,000*l*. A small portion of that will be used to provide a nucleus crew to the "Odin," so as always to be able to go to sea for the purpose of training our Naval Volunteers along the coast. Then, if we establish submarines or destroyers, I understand that it is the intention of

the Admiralty that the balance of the 85,000*l.* should be devoted to that purpose, plus any extra amount of money that may be voted by the Colony in order to establish a service of that sort. I at once acknowledge that the contribution on behalf of the Cape is not at all adequate to the services which the Navy renders to our defences, and I have no doubt that when the federation General Botha spoke of the other day takes place, as the ports of Cape Colony and Natal will be equally the ports of the Transvaal, both the Transvaal and the Orange River Colony will also recognise their obligations to contribute towards a defence scheme of that sort. Therefore, I do not see any difficulty in the future, with the assistance of the Admiralty, in working up a considerable defence of this character. I presume then the Admiralty would place at our disposal before we return to the Cape—or if not before, as soon after as possible—the necessary information, as to the cost of establishing a submarine or destroyer force, *i.e.*, the cost of the ship, whether it be a submarine or destroyer, and the cost and number of the crew necessary for upkeep, so that we could see in what direction we would have to work.

I do not wish to take up the time of the Conference, but I would like to ask Lord Tweedmouth whether he has inquired into a statement I made some few days ago with regard to the Naval docks at Simonstown, in which I stated I had been informed that as the docks are now being constructed under heavy south-east gales, it would be impossible or dangerous for a ship to to enter those docks until the gale abated. You were good enough to say you would inquire whether that was correct or not, with a view, if my information is correct, of having something done to expend the necessary extra 60,000*l.*, or 70,000*l.* to rectify it.

There were some other matters relating to shore defence, but I do not know whether they ought to be discussed here or privately with the Admiralty or with the War Office. There is the matter of the manning of our defences.

Lord TWEEDMOUTH: That is a War Office matter.

Dr. SMARTT: It would be better discussed with the War Office or Admiralty privately, there being a mutual arrangement between the Cape and the War Office in connection therewith.

Mr. F. R. MOOR: Lord Elgin and gentlemen, I follow on the lines of the Cape. Our proposal now—and I think the two Governments are in accord—is that we should work together as regards this training ship which shall be available for our common cause, and to give our men the necessary training at sea. The expense of this is to come out of our mutual contributions; and then the question of the submarines is to be taken up hereafter as to the cost and as to any increased expenditure in regard to maintaining these craft at our different harbours.

I am prepared to join with my colleague from the Cape in furthering the objects we mutually have in view, and I trust before we leave, the Admiralty will be able to give us a definite answer to what we are placing before them, so that we shall be able to go back to South Africa and explain to our people what the terms of the provisional agreement are. We are going to meet our Parliaments in a month or two, and I think it would be very advantageous both to my Parliament and the Cape Parliament that we should have the proposals definitely settled before we leave England.

I have nothing more to say, and I trust the lines suggested will be beneficial to our Colony and the Navy generally.

Mr. BRODEUR: Lord Elgin and gentlemen, I have nothing to say except to thank heartily Lord Tweedmouth for having been good enough to

recognise what Canada has been doing in regard to its defence. As I mentioned the last time we discussed this question at the Conference, I think the situation of Canada has not been properly represented. I am very glad to see Lord Tweedmouth has actually acknowledged and recognised that we have been doing a great deal, and are still doing a great deal, by taking over the Naval Stations at Esquimault and Halifax.

There was a discussion in previous years to the effect that we should contribute something directly to the British Navy. I may say with regard to that, there is only one mind in Canada on that question, and if it was necessary I should be able to quote the remarks made lately in an article published by Sir Charles Tupper, who is certainly one of the men best qualified to speak in Canada, upon the question. I think, perhaps, I might mention what he said in regard to that. He said: "It is known that from "the outset I have felt the interests of Canada and the true interests of "the Empire to be opposed to the demand for Colonial contributions to "the Imperial Navy," and "I maintain that Canada has discharged that "duty in the manner most conducive to Imperial interests." So it shows that both sides of politics in Canada agree with the policy which has been going on for some years there. He adds, also, in that article, that "Canada "protects her fisheries by her own cruisers, and when the Imperial "Government expressed a wish to be relieved of the expense of maintaining "the strategic points at the harbours of Halifax and Esquimalt the Canadian "Government at once relieved them of that large expenditure, amounting "to 185,000*l.* per annum." Negotiations are now going on for taking over the Naval stations there. I do not know exactly what will be the amount by which the Admiralty will be relieved, but I think it is a somewhat large amount.

Since the matter has been brought before this Conference I may say that Parliament has voted a large sum of money for the purpose of purchasing another cruiser and putting that cruiser on the Pacific coast for the protection of our fisheries.

We are very glad to see that Lord Tweedmouth has recognised that in this matter it should be left almost entirely to the Colonies. I may say, in conclusion, that we will be very glad to work in co-operation with the Imperial authorities, and under the advice of an Imperial officer, so far as it is consistent with self-government.

Sir ROBERT BOND: I have nothing to add to what I have already said in the matter.

Sir WILLIAM LYNE: I would like to ask Lord Tweedmouth a question in connection with the Australian proposals. It is not intended, I presume, to remove the present squadron, or any large proportion of that squadron, until, if we can make a new arrangement, our coastal defence is fairly complete.

Lord TWEEDMOUTH: There is no intention of moving the squadron as it at present exists until a new arrangement is arrived at. I think the discussion that has taken place here to-day shows very clearly what was said by Mr. Moor, that it is impossible to come to any final decision with regard to these proposals we have been talking about, and on which, I think, we are very largely agreed, until reference is actually made to the Parliaments of the various Colonies, because they must decide in the first instance as to whether they will take the line of going on with the subsidy, or supplement the subsidy by certain local defence arrangements, or adopt a system of local defence instead of the subsidy altogether.

Sir Joseph Ward asked what is the opinion of the Admiralty with regard to the comparative merits of submarine local defence, and subsidy. That, I think, is a question upon which we at the Admiralty cannot pretend to adjudicate. We say, if the Colonies decide on a system of local defence, we think submarines would be the most useful way of beginning it, and that Colonies would find that a submarine flotilla would be the best way from their point of view and from a strategical point of view of defending the coast, to begin with, at any rate. They might afterwards develop the destroyer, and so forth; but to begin with the submarine would be the best plan that could be adopted in everybody's interests.

We do not refuse the subsidy plan, and I do not think it would come well from us to say that we insist that the subsidies should be dropped. That, I think, is a matter for the Colonies themselves. So far as we are concerned, the subsidy is a very convenient way of receiving help from the Colonies; but we quite recognise that it is a question for the Colonies themselves as to how far it is to be subsidy and how far it is to be local defence. What we really desire is that we should have the cordial help of the Colonies, and that in the most effective way in the first place, and in the second place, in a way most acceptable to the Colonies.

Dr. SMARTT: So that if the Colonies were prepared to accept a scheme which met with the approval of the Admiralty, to improve their local defence in such manner as not alone would it assist them but also the British Navy in time of emergency, they would have the approval of the Admiralty to devoting the subsidies that they now pay to the general fund, to this purpose, and still more have the approval of the Admiralty if they increased the amount of money to be devoted to those services. So long as we feel assured that that is the desire of the Admiralty, I am extremely anxious, so far as South Africa is concerned, to move forward in that direction.

Lord TWEEDMOUTH: We shall be willing to take in kind what has been paid in the past in hard cash.

Dr. SMARTT: And as times improve, we should be prepared to increase the amount devoted to these services. That is why I was anxious to know whether, so far as the Cape and Natal are concerned, the Admiralty would give us some suggestions as to the cost of building up either the submarines or destroyers—that is, the cost of the ship on the one hand, and the cost of the men on the other. We understand, in the case of a submarine, that we could not supplement her crew by the volunteers, because in that case you want really trained experts.

Lord TWEEDMOUTH: I have here a statement which I had made out for Sir Joseph Ward with regard to the cost of a submarine. Will you take that copy and share it with Mr. Moor? I gave a copy to Mr. Deakin. That gives, I think, a very good and short summary of what the cost of a submarine would be. You also would like something on the same lines as to a destroyer?

Dr. SMARTT: Yes. I would like even further than that some small scheme prepared by the Admiralty to put before the Cape and say: This is a scheme you can work up to whenever you can find the money. I want it as an incentive to the people to see what they are going to work up to, and to allow them to know what it will cost them.

Lord TWEEDMOUTH: That we shall be glad to give. Dr. Smartt spoke about the Naval dock at Simonstown the other day, and the matter was referred to the Hydrographer. I have not got his report yet, but I will get it.

Dr. SMARTT: So long as I know you are really considering the matter I am satisfied, because it is a matter of considerable importance to the Cape, and to the Empire.

Lord TWEEDMOUTH: Yes, it has been referred to the Hydrographer for report already. I do not think I have anything else to add. I do not think we can pass a resolution now. We must have the answers from the various Parliaments before we can come to a definite conclusion.

CHAIRMAN: I find that at the last Conference there was no definite resolution on the subject, but only discussions on proposals put forward, which were taken for consideration, and that is our position now.

Dr. SMARTT: I should think perhaps, if you would not mind letting that wait over until the Conference is again up to its full strength, the Conference may be able to affirm the advisability of the various Dependencies of the Empire recognising their obligations, and insisting on doing anything they can to assist the Navy. If we do not close it now it can be put in some form before the Conference. The Admiralty might draft a resolution of that character.

Mr. F. R. MOOR: Apart from what the Conference say to-day, Natal and the Cape will be quite satisfied to have that short Memorandum from the Admiralty, so that we can lay these views of the Admiralty before our Parliaments.

CHAIRMAN: Yes.

After an adjournment:

COMMERCIAL TREATY QUESTION.

After further discussion in private, on resuming:

Mr. LLOYD GEORGE: I suppose you have the confidential memorandum prepared by the Board of Trade and circulated with regard to the best means of consulting the Colonies in commercial negotiations?

Mr. DEAKIN: I have been looking at it this morning for a little while.

Mr. LLOYD GEORGE: If there are any suggestions which any Colonial Minister would care to make about this either now or later on, I will be obliged.

Mr. DEAKIN: I am not in a position to make any practical suggestion. We have really no time either to read or consider these papers.

Sir WILFRID LAURIER: I have looked at it, and it seems to me very satisfactory that no Treaty should apply to any of the Dependencies unless they adhere to it, and then provision is made in the Treaty that they can put an end to it. That is pretty satisfactory.

Thirteenth Day. 8 May 1907.

COMMERCIAL TREATY QUESTION.

Resolution XII., p. viii:

Sir JOSEPH WARD: Lord Elgin, I would like the resolution I have given notice of motion of to be formally placed before the Conference and assented to unless there is any material objection to it. "That all doubts "should be removed as to the right of the self-governing Dependencies to "make reciprocal and preferential fiscal agreements with each other and "with the United Kingdom, and further, that such right should not be "fettered by Imperial Treaties or Conventions without their concurrence." I presume you will put this resolution, and it may be agreed to?

Mr. LLOYD GEORGE: Yes.

UNIFORMITY OF PATENT LAWS.

UNIFORMITY OF PATENT LAWS.

Mr. LLOYD GEORGE: With regard to patents, the Resolution is: "That it is desirable in the interests of inventors and the public that patents "granted in Great Britain or in any Colony possessing a Patent Office of "a standard to be specified should be valid throughout the Empire." That is New Zealand, is it not?

Mr. DEAKIN: No, it is ours. Cape Colony comes next.

Mr. LLOYD GEORGE: Yes.

Sir WILFRID LAURIER: That is a very broad resolution, Mr. Deakin.

Mr. DEAKIN: Very broad indeed. I have not looked at it recently, but I am quite aware that as it stands it sets up a practically impossible standard. How far it is either possible or desirable to secure uniformity in this direction is still a matter of argument with us. Our Chief Patents Officer, the Commissioner of Patents, while admitting that the end in view is most desirable, points out that the enormous distances which separate us, the great importance as we all know in patent matters of prior registration, and the varying conditions under which protection is granted—all these circumstances together make the expectation of anything like real uniformity in connection with the granting of patents still a far off end. So that, speaking from memory, and without my material here, which I have not looked at for some months, I know that this resolution, although allowed to stand in these general terms, was intended merely to introduce the subject with a view to a discussion as to the particular points and methods of simplifying patent processes, assimilating them to each other, so that we might at all events make some approach towards uniformity. Any idea of absolute uniformity to be obtained by means of an Imperial Statute, if it be ever feasible, does not appear feasible now. All that can be attempted so far as I recall the difficulties to mind is, as I have said, that there should be such an assimilation of methods, times, and modes as would facilitate the understanding in each part of the Empire of the patent laws of the other portions, so that the steps taken and information supplied may be of the same nature, thus saving the inventor the expense of facing half-a-dozen or a dozen sorts of procedure in order to register his patents in different parts of the Empire. We quite recognise that it is only in that practical direction, step by step, and not by any overriding legislation requirements, that we can attain the object of this resolution. It resolves itself into the practical question how far our patent systems can be assimilated as to be easily mutually comprehensible and available.

Mr. LLOYD GEORGE: That is really the point.

Mr. DEAKIN: I have not any material at hand here to explain the details in which I thought that was possible.

Mr. LLOYD GEORGE: What I find is that there are legal difficulties, and I think they are set forth here in the memorandum which I will put in; I will not trouble the Conference by reading it.

Mr. DEAKIN: We have not seen that, have we?

Mr. LLOYD GEORGE: No. You will find the difficulties are all set out there. We do not mind inquiring into the whole question if you can put it into the form rather of an inquiry as to whether something can be done to assimilate the laws.

Mr. DEAKIN: I will do that.

Mr. LLOYD GEORGE: Would you mind putting your resolution in that form?

CHAIRMAN: And then it can be taken up at a subsidiary Conference.

Mr. LLOYD GEORGE: Would something of this sort suit you? "That greater uniformity of the patent laws throughout the Empire is "desirable so far as local circumstances permit."

Mr. DEAKIN: Certainly, but would not you go further? That is a general affirmation that greater unity is desirable so far as local circumstances permit, but could not some action be taken, perhaps preferably on your initiative, if we were to furnish you, if you do not possess a complete statement of our patent laws and methods to be collated by you. Then you might be prepared to suggest to each of us any amendments you would commend if we should see our way to make them. This would be a means of bringing us into line in whatever directions it is possible to obtain uniformity. If you added to your general assertion something of that sort it would be a most useful thing.

Sir WILLIAM ROBSON: There can be no harm in any expression as to what is desirable, but I think before any constituent member of the Conference commits himself to this resolution or anything like it they would require a very great deal of further consideration.

Mr. DEAKIN: Are you speaking of the resolution that the President of the Board of Trade has just read?

Sir WILLIAM ROBSON: No, but the addendum that you are suggesting should be made to it—"That patents granted in Great Britain or in any "Colony possessing a patent office of a standard to be specified should be "valid throughout the Empire." I think that is Mr. Deakin's aim, rather.

Mr. DEAKIN: That is an unattainable ideal at present. It can be approached, but not reached, and it can only be approached by steps.

Mr. LLOYD GEORGE: This is the first step, I think, to greater uniformity.

Mr. DEAKIN: I quite agree with that.

Sir WILLIAM ROBSON: That a uniformity of law is desirable is a very safe expression.

Mr. DEAKIN: It goes without saying.

Sir WILLIAM ROBSON: But that you should pledge yourselves to bringing about uniformity of law involves difficulties——

Mr. DEAKIN: I do not suggest that. I adopted Mr. Lloyd George's words and was suggesting that you might go on to invite us first of all to furnish to you at the centre of the Empire, if you do not possess them, schedules of particulars setting forth our Patent Laws. Then having obtained those from each of the self-governing Dominions, you could compare them and see in what particular modes it would be an advantage to bring them into line. You would inform each one what would be necessary to bring its law into a general harmony. Probably all would accept it with minor amendments. The consequence would be that you would have taken the longest stride that is now possible towards uniformity.

Sir WILLIAM ROBSON: Uniformity of law, any resolution expressing the desirability of obtaining uniformity of law, might have very beneficial results, but I do not think beyond that we should proceed at present. We are now in the middle of a discussion on a Patents Bill in the House of Commons which is of a somewhat elaborate character, and we have also to consider there, as we have in nearly every case, the international conventions. We should want a good deal of time to think over the effect before altering our Imperial patent law.

Mr. LLOYD GEORGE: Take the Bill which is before the House now; we are introducing for the first time the principle of compulsory working of foreign patents. I should very much like to see that extended throughout the Empire, and that is why I think a resolution of this kind might be exceedingly useful.

Mr. DEAKIN: I quite agree with the resolution as you read it, and as I followed it.

Mr. LLOYD GEORGE: And it would be a very good work for the new Secretariat to take up.

Mr. DEAKIN: An excellent work.

Mr. LLOYD GEORGE: To try and collate these laws?

Mr. DEAKIN: Yes.

Sir WILFRID LAURIER: Will you read your resolution?

Mr. LLOYD GEORGE: "That greater uniformity of patent laws throughout the Empire is desirable so far as local circumstances permit."

Sir WILFRID LAURIER: With this qualification I have no objection. The subject is very complicated, and perhaps in no place more than Canada, where the patent laws are perhaps more developed than anywhere else.

Mr. LLOYD GEORGE: You have compulsory working.

Sir WILFRID LAURIER: I do not profess to understand it myself.

Sir JOSEPH WARD: In New Zealand we are submitting fresh legislation to the next Session of Parliament on this very important matter, and what we want to reserve the right to our people to do is, that while you may be suggesting uniformity of legislation, we will put legislation through on this basis. I think our Parliament will do it, and it will be supported by the Government. We absolutely object to the system that has up to now prevailed of an American, French or German patentee asking for the registration of his patent in our country, reserving to himself the right to manufacture the article in America and keep our people in the position for the full limit of years, and a renewal at the end of the time, of paying the piper for the convenience of the people in America or Germany or France, or wherever else you like to name, and the product itself is never manufactured in our country at all. We pay for a typewriter, for a motor-car, or for something connected with a plough, an exorbitant price to enable a person who has sold his patent to somebody else at an exorbitant price, to bleed our people to death. We are not going to allow it.

Mr. DEAKIN: We have a provision aimed at that.

Mr. LLOYD GEORGE: I have a provision with the same object in a Bill I am promoting now.

Sir JOSEPH WARD: We want to insist on the registration of a patent within a reasonable time, and unless it is brought into practical working in our country, and the man himself may erect a factory in our country and do so, our people will do it for him. If that is provided for in your Bill it will be endorsed by the people in our country.

Sir WILLIAM ROBSON: To obtain uniformity of law would involve extraordinary difficulty. Take Canada, Canada has a search for novelty, and so has the United States, and the United States lays great stress on the value of that provision, but that provision does not exist everywhere, and Canadians might very well object that patents granted with less severity of investigation should nevertheless run current throughout Canada, as if they were granted to Canadians. Each Colony will want to think a great deal about this subject.

Sir WILFRID LAURIER: It is a most complicated subject, Sir Joseph Ward. There will be no objection to our meeting our local circumstances; that is quite consistent with the desire to obtain uniformity of legislation.

Mr. DEAKIN: We want a general policy and a resolution in that direction.

Sir WILFRID LAURIER: The resolution of Mr. Lloyd George, with the qualification at the end, is not objectionable.

Mr. LLOYD GEORGE: That is substantially the Cape resolution, it is pointed out to me. I had not seen the Cape resolution at all, but with reference to the word "Imperial legislation," that would be impossible, as we could not legislate for Canada, Australia, and New Zealand. It might be put in this way: "That it is desirable that His Majesty's Government, after full "consultation with the Colonies, should endeavour to provide such uniformity "as may be practicable."

Dr. SMARTT: "Uniformity of laws as far as possible."

Mr. LLOYD GEORGE: That is substantially the Cape resolution, except the first part of it.

Dr. SMARTT: I see your difficulty as to the first part, but we can easily meet it. What we had in view in framing this resolution was that we wanted, as far as possible, as another example of unity, to have our patent laws and our trade statistics, and our company laws, and everything of that sort, formed upon the same basis, and we look to the Imperial Government in their Act to advise us as to the best mode of procedure to bring about that as far as possible.

Mr. LLOYD GEORGE: I think your resolution admirably meets it.

Dr. SMARTT: I think Mr. Lloyd George will specially agree with me that it is most inadvisable, even in regard to our company laws, that you should have one law in England and a different law in all the various British Colonies, who are anxious to have them all on the same basis.

Mr. LLOYD GEORGE: I think it is trade marks and not merchandise marks you have in your mind.

Dr. SMARTT: Yes, "trade marks" it ought to be instead of "merchandise marks."

Mr. LLOYD GEORGE: I think that might be carried.

Resolution XIII., p. ix.

CHAIRMAN: "That it is desirable that His Majesty's Government, after full consultation with the Colonies, should endeavour to provide such uniformity as may be practicable in the laws for the granting and protection of trade marks and patents."

Sir WILFRID LAURIER: Very good, but replace the word "Colonies."

Mr. DEAKIN : "Dominions" is the word we have used.

Mr. LLOYD GEORGE : All right.

Dr. SMARTT : Would you add also, Mr. Lloyd George, the uniformity of Company Law ?

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Mr. LLOYD GEORGE : We have a new resolution about that. What about copyright, which is much more important ? What have you say to copyright, Sir Wilfrid ?

Sir WILFRID LAURIER : I do not think I would touch copyright.

Mr. LLOYD GEORGE : It seems a little more difficult.

Sir WILFRID LAURIER : It is far more difficult.

Mr. LLOYD GEORGE : I wish we could get uniformity in copyright.

Dr. SMARTT : It is rather unfair that any portion of the Empire should rely purely on the copyright of the other parts of the Empire.

Mr. LLOYD GEORGE : We are great sufferers here.

Dr. SMARTT : I am in favour of a copyright resolution.

Mr. LLOYD GEORGE : I wish you could include copyright, because it is very unfair that our authors should be treated in a British Dominion exactly as they would be treated in a foreign country.

Sir WILLIAM LYNE : Copyright goes a long way past that.

Sir WILFRID LAURIER : I suppose in Australia where you have a large paper element copyright is a very troublesome question.

Sir WILLIAM LYNE : Very troublesome.

Mr. LLOYD GEORGE : You mean about designs.

Mr. DEAKIN : Our law as to designs is passed.

Sir WILLIAM LYNE : We want it to go further than it has ?

Mr. LLOYD GEORGE : Does your law protect the poor British author ?

Mr. DEAKIN : I would not like to say without looking at it how far he is protected or not protected. Copyright is a technical subject.

Mr. LLOYD GEORGE : Copyright seems to be too difficult.

Mr. F. R. MOOR : Are you leaving out copyright altogether ? Could you not introduce it in looser terms : "and copyright as far as practicable."

Thirteenth Day. 8 May 1907.

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Mr. LLOYD GEORGE: I wish you could, I must say; it does not bind you to uniformity, beyond what is practicable, and it is left to you to legislate.

Mr. DEAKIN: I have no objection.

Dr. SMARTT: Your contention, Mr. Lloyd George, is that if an author takes out a copyright in England, he should be protected in all British Colonies.

Mr. LLOYD GEORGE: He could only be protected by your own laws.

Dr. SMARTT: Our laws should protect him, and you would mutually protect our authors.

Mr. LLOYD GEORGE: Certainly.

Dr. SMARTT: I am altogether in favour of it.

Mr. F. R. MOOR: So am I.

Dr. SMARTT: That is what we are pleading for.

Mr. LLOYD GEORGE: And you have a growing interest in it because your literature grows. Would Sir Wilfrid object to the resolution?

Sir WILFRID LAURIER: At present I would. If the Minister of Agriculture, who, strange to say, has the matter in his hands, were here he perhaps would have a different opinion, but in his absence I would not like to deal with it. It has been a contentious subject with us for years, and certain sections of the Labour Party with us have taken a very strong position with regard to it.

Dr. SMARTT: Could you not let it stand over?

Sir WILFRID LAURIER: We cannot attempt to reform everything at this Conference; leave something for the next Conference.

TRADE STATISTICS.

TRADE STATISTICS.

CHAIRMAN: Trade statistics.

Resolution XIV., p. ix.

Mr. LLOYD GEORGE: I move here: "That it is desirable, so far as "circumstances permit, to secure greater uniformity in the trade statistics of "the Empire, and that the Note prepared on this subject by the Imperial "Government be commended to the consideration of the various Governments "represented at this Conference." I am not going to take up time over that; the memorandum has been circulated and I think we have all agreed that it is very desirable that there should be uniformity of trade statistics.

Mr. F. R. MOOR: That is some work for your secretariat.

UNIFORMITY OF COMPANY LAW.

Mr. LLOYD GEORGE: Yes, all this is work for the secretariat. I also move the resolution "That it is desirable so far as circumstances permit, to "secure greater uniformity in Company Laws of the Empire and that the "memorandum and analysis prepared on this subject by the Imperial "Government be commended to the consideration of the various Governments "represented at this Conference." That has been circulated I think.

Sir WILFRID LAURIER: That might be expected.

CHAIRMAN: Agreed?

Mr. DEAKIN: Agreed.

Resolution XV., p. ix.

Dr. SMARTT: Can you not meet us in copyright?

Mr. DEAKIN: I do not see anything objectionable in recommending the copyright proposed, but Sir Wilfrid is not prepared to deal with it.

Sir WILFRID LAURIER: Both Sir William Lyne and I have some objection to it.

RECIPROCITY AS TO BARRISTERS.

CHAIRMAN: There are two small things from New Zealand on the agenda about reciprocity.

Sir JOSEPH WARD: I want to deal with this question of reciprocity as to barristers and surveyors. I will state the position briefly, Lord Elgin. I want to ask the Conference seriously to consider the fairness of giving effect to what I propose and I will give my reasons for it briefly. Full provision for reciprocity with the United Kingdom exists under the Imperial Act, but it is practically inoperative in the case of New Zealand owing to objections raised by the English Law Society on the ground that in New Zealand the two branches of the profession, barristers and solicitors, are combined and owing to this objection the Order in Council necessary to bring the Act into operation has not been issued. I submit that this objection has no substance. It is not suggested, nor does the Act provide, that in the case of a New Zealand barrister who is admitted in the United Kingdom under the Act he shall be entitled to practise here as a solicitor. I would like to point out that if the Act were brought into operation the balance of advantage would be with the United Kingdom. The number of New Zealand practitioners who would seek admission in England would be very few, and the number who would actually practise in England would be infinitesimal. On the other hand the number of English barristers who would avail themselves of the Act for the purpose of admission in New Zealand where they would have the right to practise both as barristers and solicitors would presumably be great.

It is well known that although the prizes at the English Bar are splendid for those who can win them, the number who succeed is very small compared with the very large number who are barristers only in name. The Colonies would afford an excellent field for these gentlemen, and in such cases the direct advantage would be to them although I freely admit that the Colonies would inevitably gain by obtaining people who would not only be a very estimable addition to the population, but would strengthen and raise the status of the profession in the Colony and keep it in closer touch with the English Bar.

Since I have been in England I have noticed that a further objection has been raised, namely, that in New Zealand women are eligible for

RECIPROCITY AS TO BARRISTERS. (Sir Joseph Ward.)

admission to the bar. I admit the force of that in the matter of reciprocity, that if you want reciprocity you should have it in the same sexes, and where the desirability exists in England of women not being admitted to the Bar, and it does not exist in New Zealand, you could not have reciprocity in that respect. I think it is unreasonable under the reciprocity provisions of the Act that women should be allowed to practice when they are not eligible. Otherwise I should like to say, however, that the difficulty can be effectively removed if the Order in Council provides that it shall apply only to persons who would otherwise be eligible for admission. That would exclude women from the benefits of the Act in the United Kingdom and elsewhere where they are not eligible.

I have dealt only with the United Kingdom and New Zealand, but the same observations would, of course, apply to other portions of the dependencies in cases where the same objections have been urged. Now, I want to say on this matter that I do personally feel that it is greatly to be regretted that a matter of sentiment which can be provided for in the terms of the Order in Council, should prejudice or stand in the way of what would be regarded by the profession, certainly in New Zealand, and I presume elsewhere, too, the inestimable advantage for them to have the right of reciprocity with their professional brethren in England. To my mind it appears to be purely sentimental, this objection to the admission of women to the Bar in New Zealand where comparatively few women, only two or three at the most, have passed, and who have certainly been very far from a discredit to the profession; the women I know who have passed for the Bar in New Zealand have obtained it as the result of hard work, and every examination that a male requires to pass through they undergo, so that they have attained to the position after every ordeal which it is possible to put in their way to enable them to attain to a very high and honourable position, and the few who have passed have carried out their work in a most capable way and stand to-day very high in the esteem of the male members of the profession in New Zealand. I do hope that at this Conference, where we are trying to bring about mutuality and agreement, where we are trying to bring about the interchange of officers in the Defence Department, where we are trying to bring about the interchange of units in the Defence Organisation, we are not going to allow a question of pure sentiment which could be provided for by the most ordinary clause in the Order in Council, and the Imperial Act as I say provides already for reciprocity excepting for the fact that barristers and solicitors in New Zealand are combined while that is not so in England, should stand in the way so far as to prevent the carrying out of what was originally intended under the Imperial Act, the interchange between members of the professions.

I would personally look upon it as almost an insult to the members of the profession in England if they were to say they could not provide for an interchange by declaring it to be really on sentimental grounds which could be obviated in the Order in Council in the ordinary way. I can say with some experience of our country, that the profession in New Zealand, some of the leading members of the profession, regard the matter as of the deepest possible interest to their profession, and I am persuaded in my own mind that nine-tenths of the advantages would accrue to the men in England in the profession who want to have the opportunity of practising as barristers and solicitors, which they could do in New Zealand and which the leading barristers and solicitors in New Zealand themselves could not do if they came to England.

For the reasons I have urged as briefly as I can my views, I hope that the Conference may see its way to affirm the Resolution. The conditions required to meet the sentimental side of it can and would be provided for by Order in Council. I move the Resolution, my Lord.

Sir WILLIAM ROBSON: I do not know whether Sir Joseph could tell us what are the qualifications in New Zealand for admission to the New Zealand Bar.

Sir JOSEPH WARD: I cannot tell you with complete accuracy, but I know that it involves a number of years being articled to a barrister and solicitor's office, and passing an examination before a Judge of the Supreme Court.

Sir WILLIAM ROBSON: This is not merely a question of general reciprocity, but any advantage of this kind given to those who live, say in New Zealand, or Australia, or Canada, or anywhere else, might, if the qualification in New Zealand were not as severe as that in England, be made the means of securing admission to the English Bar by what one might call a Colonial avenue.

Sir JOSEPH WARD: Very well, make it a condition that the reciprocity should be contingent on their complying with the same conditions as exist for admission to the Bar in England.

Sir WILLIAM ROBSON: The same conditions would not be quite as easily applied. We have very special and rather strict qualifications for admission to the Bar. Admission to the roll as solicitors is a different matter; there you have a five years' apprenticeship (I do not know whether in New Zealand the apprenticeship is so long), followed by a somewhat strict examination, and we have many men in England who would be very glad indeed to avail themselves of any avenue by which that strict condition could be evaded.

Sir JOSEPH WARD: I think it is five years in New Zealand.

Sir WILLIAM ROBSON: Then with regard to the Bar, we have somewhat different qualifications, perhaps not apparently quite so severe as those which hedge round the profession of solicitors, but still we have qualifications of residence in England, which are generally accompanied, I think, although not necessarily part of the condition, by study in a barrister's chambers. These qualifications I am afraid the English Bar would not be content to surrender. It is not an easy matter for us to maintain an even balance between barristers and solicitors with respect to qualifications but we have given special facilities to solicitors to procure admission to the Bar, and I am sure the English Inns of Court, who govern the Bar, would very favourably consider any proposal to give to solicitors from New Zealand or Canada, or the other Colonies, the same kind of special facilities as it already gives to solicitors here. They let in English solicitors upon slightly more favourable terms than they apply to one who is coming to the Bar merely as a student without having become a solicitor, and I have no doubt that the Inns of Court would favourably consider proposals to give that kind of facility to Colonial barristers; but I would urge the Conference not to adopt a resolution which it might be afterwards found difficult for us to give effect to, because we certainly would not be likely to force this upon the Inns of Court without carefully considering the views of those especially concerned. We should have to consider the views of the Inns of Court, and I am bound to say that I am not able to speak with authority as to their opinion, because I have taken no means of finding out what their opinion would be.

Mr. DEAKIN: They are expressed in the document before us.

Thirteenth Day. 8 May 1907.

RECIPROCITY AS TO BARRISTERS.

Sir WILLIAM ROBSON: I do not think the English Bar would be willing to relax all the regulations and restrictions.

Sir WILFRID LAURIER: There are other difficulties in my country. The Bars, with us, are not under the jurisdiction of the Dominion Parliament. We have a Bar for each Province.

Mr. DEAKIN: Our position is the same as yours.

Sir WILFRID LAURIER: There is a Bar for the Province of Quebec and one for the Province of Ontario; and a man cannot be admitted from one Bar to the other except under very special circumstances. For instance, if a man becomes Attorney-General, he can be admitted from the Bar of one Province to that of the other, or if he has obtained some very high post; but I do not know more than two or three instances when a member of the Bar of one Province has been admitted to the other except by qualifying himself, and taking residence, and passing the examinations; so that we should not do it.

Sir WILLIAM ROBSON: It would be very difficult for us to let in a New Zealand solicitor upon better terms than an English solicitor, and that is really what this resolution would amount to.

Sir JOSEPH WARD: The extraordinary thing about this matter, Lord Elgin, is, that from the New Zealand point of view we are regarding it from the very opposite standpoint. I quite concede at once that the profession are naturally jealous of their rights in England, and unless the terms of admission were the same, it would be proper to exclude anybody from getting in either as a barrister or solicitor in England; but this is urged from the very opposite standpoint. Of my own knowledge, I am not aware of many from our Colony trying to get admission to the Bar; but I understand that English solicitors have often come out and tried to get admission to the Bar in New Zealand.

Sir WILLIAM ROBSON: I am sure it would be a great relief to English solicitors going out to New Zealand, but one is looking at it from the point of view of the English Bar, and, I am afraid, from their point of view—I do not speak from any personal feeling of my own—the proposal would be resisted. As it is, it is not altogether easy to procure special treatment for the admission of solicitors. That we have done, and that, I believe, the Bar would be willing to extend to the case of New Zealand or for Colonial barristers or solicitors, but I do not think we could induce the English Bar to go further in respect to Colonies than they go with respect to Englishmen.

Sir JOSEPH WARD: I will qualify my resolution by taking the suggestion made by the sub-treasurer, who writes on behalf of the British Law Society, I suppose.

Mr. DEAKIN: The four Inns of Court.

Sir JOSEPH WARD: I will move as a preface to my resolution, "That "provided it is satisfactorily established that the qualifications as a barrister "in any Colony are equivalent to those in this country, any proposal for "facilitating the call to the English Bar of Barristers in any Colony or "Dependency upon terms analogous to those upon which English solicitors

" may for the time being be entitled to be called to the Bar should be " favourably considered." I think, if I take their own words that should be acceptable.

Sir WILLIAM ROBSON: We have not that resolution before us.

Sir JOSEPH WARD: I move that.

Sir WILLIAM ROBSON: I do not think you are following this proposal. This suggestion of Sir Henry Lawrence is that: " any proposal for facilitating " the call to the English Bar of Barristers, in any Colony or Dependency, " upon terms analogous to those upon which English solicitors may for the " time being be entitled to be called to the Bar should be favourably " considered." That is putting the Colonial upon the same footing as an English solicitor, but I rather understood your suggestion, Sir Joseph, to be that if you make provisions in the Colony, of the same kind as those which are applicable to English solicitors, then the Colonial solicitor, without submitting to the terms imposed upon an English solicitor here, by virtue of his admission in New Zealand would thereupon become entitled to admission of the Bar of England. That is rather a different proposal to Sir Henry Lawrence's.

Sir JOSEPH WARD: The wording of Sir Henry Lawrence's second paragraph does not quite bear that out, if I may be allowed to say so; he says: " The Committee recommend that provided it is satisfactorily " established that the qualifications for admission as a barrister in any " Colony are equivalent to those in this country, any proposal for facilitating " the call to English Bar of Barristers in any Colony or Dependency upon " terms analogous to those upon which English solicitors may for the time " being be entitled to be called to the Bar should be favourably considered." It does not say, as you suggest now, that if they have established the fact that their qualifications for admission as a barrister in any Colony are beyond all question, they should come home again and undergo a further examination. He says: " provided it is established." There would be somebody on their behalf who would ascertain beyond all question that they were entitled to admission. It would not give a general right to anybody to come home and be entitled to admission here. I think, with that preface, to my resolution it might be, without any difficulties, accepted.

Mr. DEAKIN: My position is precisely that of the Prime Minister of Canada; the Commonwealth, as such, has no jurisdiction over any portion of the Bar, except that portion which practises in the Commonwealth Court. But in the various States of Australia the qualifications for the Bar differ a good deal. In most of the States it is possible for a practitioner to be at the same time a barrister and a solicitor, although in practice in certain states, even where that exists, the two are divided except in country towns; but in New South Wales the English practice still exists, and the two branches of the profession are separate. The standards, so far as I am acquainted with the English, are very fairly high; in fact, owing to a rather curious conjunction of circumstances, when the professions were amalgamated in Victoria, the standard adopted was that previously in force in respect to the Bar. I believe that every practitioner in Victoria now qualifies himself for what is very nearly the degree of LL.B. before he is admitted as a barrister. The standard of a year or two ago, and I am not aware of any change since, was very high. I do not think Sir William Robson objects to any of the proposals for reciprocity, providing that the authorities here are satisfied—that the training, the probation, and the tests are fairly equal.

Sir WILLIAM ROBSON: The difficulty would be to settle which authorities are to be satisfied.

Mr. DEAKIN: You are the authorities to be satisfied as to your Bar.

Sir WILLIAM ROBSON: If the Conference pass a resolution, that is a matter which no doubt would have great weight; but, after all, the decision as to what qualifications are necessary is at present left to the Inns of Court for the English Bar and the Incorporated Law Society for solicitors. The English Bar has expressed its willingness in the document which is before me to consider favourably any proposal of which it would, of course, be itself the judge as to what the qualifications should be here and in the Colonies, and it would have itself to be the judge as to what conditions it should impose here.

These are matters really for the English Bar, and I think an assurance of that kind from the Inns of Court should really be sufficient, but it would look very much like a quasi-legislative step affecting the Inns of Court if they were told by this Conference that, according to a decision to which great weight should be attached, provision should be made throughout the Empire for reciprocal admission of barristers to practice. They would say: "What about our authority? It is we who decide."

Mr. DEAKIN: I thought Sir Joseph had put that aside.

Sir WILLIAM ROBSON: I should like to see Sir Joseph's amended resolution in some form in which it can be carefully considered, because I am sure his addendum——

Mr. DEAKIN: As I understand it is not an addendum; he takes the second paragraph of the report from the Sub-Treasurer to the four Inns of Court.

Sir WILLIAM ROBSON: Not in substitution for his resolution.

Sir JOSEPH WARD: I have no objection to substitute that formally. If I take the recommendation of the four Inns of Court I do not know that I can have any better authority.

Sir WILLIAM ROBSON: I should like to see the exact form of the resolution. What the report says is that it should be favourably considered and I do not think there would be any objection to that in substitution for the original proposal.

Mr. DEAKIN: Am I not right, Sir Joseph, that you move sub-section 2 of this report possibly omitting the word "that"—"Provided it is satis- "factorily established" right down to the last word.

Sir JOSEPH WARD: I move that.

Mr. DEAKIN: There is no objection to that.

Sir JOSEPH WARD: "Provided it is satisfactory established that the qualifications for admission as a barrister in any colony are equivalent to those in this country any proposal for facilitating the call to the English Bar of barristers in any colony or dependency upon terms analogous to those upon which English solicitors may for the time being be entitled to be called to the Bar should be favourably considered."

Sir WILLIAM ROBSON: That only binds the English Bar, that resolution does not bind the Colonial Bar, and it does not deal with the difficulty raised by Sir Wilfrid Laurier.

Sir JOSEPH WARD: I will put in the words "English or Colonial."

Sir WILLIAM ROBSON: It is much better before one adopts a resolution which may conflict with so many professional interests that one should see it in some form in which it can be considered. As Mr. Deakin suggests, you cannot take paragraph 2 and make it a resolution at this Conference without reference to the reciprocal obligations. I agree that if you take the spirit of this resolution and you make it applicable to all the Colonies one might then get some resolution which is capable of being accepted, but as it stands now it is unilateral.

Sir JOSEPH WARD: What I am trying to bring about, and I know there is a strong opinion in our country with regard to it, is a position which would bring the Colonies and the Old Country closer together and in the matter of the professions it is as important as in any other respect. If the conditions required by the Inns of Court in England are fully complied with by a man who has passed through our Courts in our Colony and those responsible for the government of the Inns of Court on behalf of the profession in England are satisfied that he can pass an examination near to their own and it is for them to say finally whether that examination has been such that they can agree to if that be their imprimatur upon that professional man who comes to England, and we interchange by conferring the privilege upon Englishmen coming to our country, surely it is an advantageous thing for us to help one another. That is what I am asking for. I take the proposal made by the Inns of Court themselves; I give way upon my own as it is considered too wide and is capable of an interpretation that is opposed by those who represent the Inns of Court, and in the aspect of it I take their own words, and I ask that that should be given effect to as evidence of the goodwill of the profession in England to their brethren of the same flesh and blood in a British country, New Zealand, or Canada, or Australia, as the case may be, I think one may hope for this being generously considered even by those who are anxious to conserve, and rightly so, the great interest of the profession in England. I do not want to derogate from their status; I do not want anyone from our Colony who is inferior in any way to the best men who can pass the most severe examinations in England to come here, but if he passes with the approval of the representatives of the Inns of Court an examination to what is required here that would be a matter of reciprocity between the two countries.

Sir WILLIAM ROBSON: Do you not think you had better draft a resolution which shall incorporate the reciprocity? As matter of draughtsmanship it is scarcely quite convenient to adopt this paragraph which relates only to what England is willing to do and not to incorporate in that what the Colony is to do.

Sir JOSEPH WARD: Let us add at the end of this: "should be "favourably considered and provided that the same conditions as exist in "relation to admission to the Bar in the Colonies should apply to English "barristers or solicitors visiting those Colonies."

Mr. F. R. MOOR: How does that apply to the Colonies? Sir Wilfrid Laurier has pointed out the difficulty in their country, and we have it in ours too; I do not think there is reciprocity amongst ourselves over there yet.

Dr. SMARTT: No.

Sir WILLIAM ROBSON: That is very important. That shows the necessity of considering the matter in all its bearings.

Dr. SMARTT: The difficulty with us is very strong owing to the fact that the Cape law is founded on Roman Dutch law.

Mr. DEAKIN: I do not suppose it would be possible for the Inns of Court to lay down provisions that would apply to every province and state in the Empire; they would require to deal with the examination or qualifications now required in each and make the necessary provision for supplementing each.

Sir WILLIAM ROBSON: Yes, we are here to consider whether these suggestions should be put into a form susceptible for being dealt with by the Conference as a resolution applicable to all Colonies.

Sir WILFRID LAURIER: There is great difficulty as to that, but the point which Sir Joseph Ward has in mind he has partly reached, because he has shown that the British Government here by legislation or otherwise could admit barristers from the Colonies provided they qualified in a certain standard, but to put it conversely, as you say, that is to say a barrister from one country being admitted in another country, for instance in Canada and in Australia, is a thing that is beyond our power.

Sir WILLIAM ROBSON: I may say that it would be scarcely right for the Conference to pass a resolution which should be binding upon the English profession compelling it or inviting it to give advantages to the Colonies which were not accompanied by reciprocal advantages on the part of the Colonies.

Dr. SMARTT: I take it the Colonies to which Sir Joseph made reference would give reciprocal advantages to the English barrister.

Sir JOSEPH WARD: I have just written this to try to meet it.

Sir WILLIAM ROBSON: I should like to see the resolution and to consider it. I should not like hastily to adopt, especially as representing the English Bar for the moment, any resolution that might by my professional brethren be considered prejudicial to their interests without consulting them.

Sir JOSEPH WARD: That is only fair. I will complete the resolution, and in the meantime I would suggest that as we have had a discussion upon it, it should be deferred until we meet again, because I think it is too important to drop. There may be a certain amount of doubt as to how the profession would accept this resolution of their own——

Sir WILLIAM ROBSON: You must not assume that this paragraph, which is stating what England is prepared to do, or what the four Inns of Court are prepared to do, would be treated by them as adequate if it were passed as a resolution by the Conference, operative against themselves only, and not accompanied by any reciprocal advantages.

Sir JOSEPH WARD: I have that at the end, and I shall read it; after the word "considered" add the words "and that similar terms and conditions

"should apply for admission of English barristers and solicitors to the "Colonial Bar." My desire is to make it fair to both sides and equally applicable.

Sir WILLIAM ROBSON: Sir Wilfrid Laurier thinks Canada may not be willing to agree.

Sir WILFRID LAURIER: I say Canada ought to have no jurisdiction in the matter.

Sir WILLIAM ROBSON: That is a very important block, and so again with Australia there is an important block.

Mr. DEAKIN: You could not make it conditional, of course?

Sir WILLIAM ROBSON: You may depend upon it that although the English Parliament has, perhaps, a higher and more absolute power over Englishmen than any governing body has over any State, still there are unseen but unmistakable limitations to which Parliament is subject and when it comes up against a profession like the English Bar, it is very apt to discover that its limitations are somewhat substantial.

Dr. SMARTT: Especially as the profession has a considerable number of votes.

Mr. LLOYD GEORGE: Their influence is far-reaching.

Sir WILLIAM ROBSON: The English Bar is extraordinarily well-represented.

Sir JOSEPH WARD: I can only say that in our country there is no profession that stands higher in our estimation than the English Bar; we look upon them as the great representatives of a noble profession in every way, and I do not want to do anything that would in any way either weaken or interfere with any of the rights of the profession in England, very far from it. I would not be presumptuous enough to do anything of the kind, and we are anxious to bring about reciprocity between them upon fair terms only. What I would suggest is, that with the addition of the words I have proposed here, perhaps the resolution might be printed. I do not know whether I have amplified it sufficiently to meet what I have tried to convey, and in the meantime, after it is printed, we might defer it until there is an opportunity of considering it. In any case, I have sufficient common-sense to know that if we proposed anything which was regarded by the English profession as adverse to their interests, we could not expect them to conform to it; we certainly do not want to make any change unless it is an act of goodwill on both sides. The matter has been brought forward in New Zealand by some of the very best men in our country, and I am anxious before we go away from this Conference that we should have an opportunity of considering whether we cannot show a little genuine and practical feeling of reciprocity between our countries on both sides of the water.

CHAIRMAN: Can you not put it in such a form as we have had a good many resolutions as would invite that consideration? You speak of getting at the feeling of the Bar, but we certainly cannot get the feeling of the Bar before we separate, as we should probably separate, to-morrow. I do not see how it is possible to get very much of an outside opinion, and if you could

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have worded your resolution so as to meet Sir William Robson's view it would have been convenient.

Sir JOSEPH WARD: I would be very happy to do so and to put it in such a way as to invite a suggestion from them. I do not desire to hurry it. Perhaps it may stand until to-morrow and then in a few minutes we might be able to deal with it.

Sir WILLIAM ROBSON: Yes, I am quite sure that the English Bar would be desirous of doing what they can. I think I may say for the Bar that we have not behaved ungenerously to those who have sought admission to our ranks. Of course the privilege is a very valuable one and we have accorded it very freely to Scotch and Irish barristers. The limitations stand against them as much as against our brethren across the seas. There is no differentiation between one who lives in these Islands and one who lives beyond them under the same flag as far as we are concerned, but we have been obliged in order to maintain the peculiar status of the English Bar to be very strict indeed about our regulations as to admission, because it is a very singular status. It means that we have to give up many classes of work that solicitors enjoy; we are restricted in many somewhat singular and peculiar ways and in return we have very exceptional privileges. The Bar is very jealous both of its privileges and of its limitations. It is as keen about its limitations as about its privileges and it would not be in any sectional or purely national spirit that the thing would be considered; it would be considered on very broad grounds. That is why, as far as I am concerned, I would like to see precisely what it is we were invited to do before we took any definite step. I would certainly ask the Conference not to pass a resolution which might bring the government into conflict with the Bar upon a matter of this kind.

Mr. DEAKIN: I suppose you speak now as a member of the government.

Sir WILLIAM ROBSON: As a Member of the Government and as a barrister. I desire to see the Bar and the Government in continual accord.

Mr. DEAKIN: May I suggest as pertinent to this subject a matter which on one of its sides at all events may appeal even to the English Bar. It is rather anomalous that English barristers who have gone to the Outer Dominions, and while there have reached a position which has qualified them to receive silk, some of them receiving it in consequence of having held for some years the highest position obtainable in their States, that of Attorney-General, and adviser to the Governor. They advise him not only as Attorney-General but in an independent capacity in times when he does not desire ministerial but professional advice on matters of serious import to himself. It seems anomalous that those who have been honoured by being made King's Counsel, who are English barristers on their return to this country should find that there is one King in Great Britain and another King in the Commonwealth, and that they have ceased to be His Majesty's Counsel or entitled to that recognition here.

Of course the circumstances are so various that I must not be understood as endeavouring to lay down the doctrine that everyone who is made a K.C. in any part of the Dominions should be qualified here, but would venture to put it as far as this, that unless some disability could be shown, some want of qualification or standing or some particular cause which should deprive a professional man of standing of the honour he has enjoyed in one of the great communities beyond the seas, he should retain his professional rank. I take

first of all the case of the English barrister, because it seems to me strange and might naturally appeal to the English Bar. The Colonial barrister has claims also depending on his qualifications.

Sir WILLIAM ROBSON: The same thing is applicable to the Irish and Scotch K.C.

Mr. DEAKIN: But there is always a distinction; I do not know that the Irish or Scotch K.C. has been called to your Bar, or that after that he has occupied the position (I take the strongest case I can find) of Attorney-General and of Chief Legal Adviser to the Crown.

Sir WILLIAM ROBSON: Yes. Take my Right Honourable and learned friend, the Lord Advocate; the Lord Advocate would have to submit to the ordinary professional conditions before he practised at the English Bar.

Mr. DEAKIN: Is he not an English barrister?

Sir WILLIAM ROBSON: No.

Mr. DEAKIN: The case I am taking is of an English barrister, a man with the right to practise at the English Bar; I put my strongest case first—the case of a man fully qualified to practise at the English Bar and who has the right to appear in all the Courts. He goes out to one of the dependencies beyond the seas and receives silk either before or after his elevation to the office of Attorney-General, and in one or two cases I have in mind held the office for some years. They come back to England, and although they are English barristers, practising at the English Bar, who have been His Majesty's advisers over the sea ——

Sir WILLIAM ROBSON: That is really a matter for the personal discretion of the Lord Chancellor, and if the case of a Colonial K.C. who had been Attorney-General and desired to practise at the English Bar were laid before the Lord Chancellor, it would be a case that would appeal strongly to his discretion.

Mr. DEAKIN: But even so, the resolution does not bear that out. Whether any cases have been before the present Lord Chancellor or his predecessor I cannot say. Going a step further, let me ask your consideration for the barrister who has not been admitted to the English Bar, but is qualified in the Dominions, as we now call them, provided his qualification is, speaking broadly, as good as that required by the Inns of Court, who becomes King's Counsel and comes to Great Britain. Should he not be entitled to have his claims heard? Although I quite admit this is a matter for the personal discretion of the Lord Chancellor, it is one of those cases in which there appears to be a distinction of status drawn between the Colonial and the British professional man. Now unless that is based upon some real difference in qualification or upon some definable distinction, it surely ought not to arise, as I have heard that it has arisen, simply because a man who would undoubtedly have received silk if he had been an Englishman, has not received it ——

Sir WILLIAM ROBSON: There is no distinction as between Englishmen and Colonists, none. You may accept my assurance on that point, because

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every observation you are making applies equally to the Scotch and Irish Bar. The Scotch and Irish Bar maintain their regulation against us, and we maintain ours against them. We have certain restrictive regulations amongst ourselves even; we do not allow the member of one circuit to practise in another circuit, and we have all these restrictive regulations, which are something quite outside any question between Englishmen and anyone coming from the Dominions beyond the Seas. It has nothing to do with that, because whatever we did with regard to Colonists we should equally have to do with regard to the Scotch and Irish Bar.

Mr. DEAKIN: Under similar conditions, most certainly.

Sir WILLIAM ROBSON: It is the generality of the resolution which makes me a little apprehensive about it.

Mr. DEAKIN: However, if I have enlisted your sympathies in this matter it is sufficient for the present.

Sir WILLIAM ROBSON: It will be very favourably considered by the English Bar and the Lord Chancellor, and the observations you have made, which have apparently some personal reference, I should be very glad to put before the Lord Chancellor.

Mr. DEAKIN: I have done it not for personal reasons, but because, as you know, professional men all the world over are rather jealous of the status they acquire, and if one of their number——

Sir WILLIAM ROBSON: Without perhaps any definite resolution, I will communicate with the Bar Council. I would ask the Conference not to pass any general or sweeping resolution without much greater consideration than we have been able to give to it.

CHAIRMAN: There is one more suggestion. We will put the resolution Sir Joseph Ward has made on record as having been submitted, and then reserve the whole thing. I do not think we shall get further.

Sir JOSEPH WARD: Under the circumstances I am quite agreeable to that course. The resolution will go on record as a suggestion.

RECIPROCITY AS TO SURVEYORS.

RECIPROCITY AS TO SURVEYORS.

CHAIRMAN: And the subject can be reserved for further consideration. As to the other case you mention, the surveyors, there is really no difference of opinion about it. In the paper you have from us we quite accept your resolution.

Sir JOSEPH WARD: That is all right.

Mr. BRODEUR: The same objection will apply as far as Canada is concerned to this proposal about the surveyors.

Mr. DEAKIN: That does not disqualify Sir Joseph Ward from moving his resolution, or from its being carried. It only means that we representatives of Federal Governments cannot take any official part in that.

Sir JOSEPH WARD: I will give you my reason in one sentence, but there are many others I could give why I think this resolution should be put

on record. We have cases in New Zealand of English surveyors who have come to our country for the purposes of health; they have all the qualifications necessary, but they are not allowed to practice in our country as surveyors. I have read the memorandum from those responsible for circulating it in reference to the matter of reciprocity for the protection of land surveyors and architects, and all I can say in connection with this is that the principal surveyors in New Zealand all belong to the Surveyors' Institute, which is not a mere gathering together of men controlled as explained by the Act of Parliament, but they are most jealous of the privileges of the surveying profession.

Mr. F. R. MOOR: I do not like to interrupt, Lord Elgin, but there are only one or two delegates here now, and I would like to know what has been done with respect to that previous resolution. It has not been put in any shape or form.

CHAIRMAN: The last one? It was decided that it should be recorded, and the only resolution upon it was that it should be reserved for further consideration.

Sir JOSEPH WARD: What the New Zealand surveyors are anxious to do is this. They want to prevent a man having to commence again, and go over the whole gamut of the ordinary examinations, but they want him to comply, by examination, with all the local conditions, local requirements, and local regulations in the case of a man from England.

CHAIRMAN: Is there any objection to accepting it?

Dr. SMARTT: Before that is accepted, I should like to have the opportunity of seeing some papers we have on the subject, and I have not got a copy here. I understand that what Sir Joseph Ward suggests is that any surveyor who is qualified in New Zealand should, under the reciprocal arrangement to be authorised, if he has satisfied the authorities that he has the necessary knowledge of the local Acts or regulations which may be in force relating to the survey of land, &c., be entitled to practise. As far as I am informed, in the Cape Colony the surveyors' examination is an examination of a very high standard indeed, and deals with many matters besides the mere surveying of land, and I would like to have an opportunity, before the Conference came to a resolution upon this, to look at these papers.

CHAIRMAN: It is dealt with in the report from the Surveyor's Institution.

Dr. SMARTT: I have not had an opportunity of reading that.

CHAIRMAN: I think you will see that there they propose to establish an examination which would satisfy those conditions.

Dr. SMARTT: Sir Joseph Ward's resolution does not propose that. He proposes that if a man is qualified as a surveyor in New Zealand, on showing he has a knowledge of the Acts in force in the other portions of the Empire in which he desired to practise he should have the opportunity of being allowed to practise the profession of surveyor irrespective of whether there was a difference in the standards of the examination in the various parts of

the Empire. That is a very important thing; it is very much on the lines on which the Solicitor-General has been referring to, the reciprocity among barristers.

Sir JOSEPH WARD: I would only like to say that in New Zealand land surveying is recognised as a profession as much as law, medicine, engineering, or anything else, and it is not (which appears to be passing in your mind) the possibility of a New Zealand surveyor coming to, say, South Africa, that I was contemplating. We can take hundreds of them in New Zealand when we get them, but if they come from England they must go through all the formal examinations that they go through here, and they must conform with all the conditions of the Surveyors' Institute.

Dr. SMARTT: Would it mean that they would have to pass an examination?

Sir JOSEPH WARD: In local regulations.

Dr. SMARTT: If I am rightly informed, our surveyors have to pass an examination in other subjects besides the survey of land. You would then have a surveyor coming in saying that he was acquainted with the local conditions, and allowed to practise on much easier terms than those upon which local men would be allowed to practise.

Sir JOSEPH WARD: That is not so.

Dr. SMARTT: I will look it up, if you do not mind allowing it to stand over till the next meeting of the Conference. I understand our examination deals with more than mere land surveying.

Sir JOSEPH WARD: This is only to affirm that reciprocity should be established; you cannot give effect to it without legislation.

Dr. SMARTT: Will you put it in the form of the other resolution, that it should be favourably considered? The difficulty is the question of examination. I am all in favour of having the examinations on the same basis, so that they could go wherever they liked, but it is a very serious thing to have one standard of examination for one Colony, and another man passing with another standard in another.

Sir JOSEPH WARD: Have you read my resolution?

Dr. SMARTT: Yes. "That reciprocity should be established between "the respective Governments and examining authorities throughout the "Empire with regard to the examination and authorisation of land "surveyors."

Sir JOSEPH WARD: Read the last part "subject only."

CHAIRMAN: "Subject only" seems to me to be the difficulty, and surely what the Surveyor's Institution propose is that there should be an examination or some means of examining a Surveyor in every part of the world up to the proper standard.

Mr. BRODEUR: The last part of the resolution simply deals with the one part of the regulations which have to be passed in each province. In

our country each province has the right to deal with the nomination or appointment of certain surveyors, and they have got different regulations according to the province in which they are, and I submit that it would be impossible for us to pass any resolution which would affect that. It is not a matter which could be dealt with by the Federal Authorites; it can only be dealt with by the Provincial Authorities.

Mr. DEAKIN: Some of us are Federal and some are State.

Mr. BRODEUR: Some are Federal, which deal with the lands which are under Federal control.

Mr. DEAKIN: Sir Joseph Ward is not a Federal representative but what we would call a State representative, and so are Mr. Moor, Dr. Smartt, and General Botha. They are qualified to speak on these subjects, where you and I are not.

Mr. BRODEUR: That is the difficulty in which we find ourselves.

Sir JOSEPH WARD: I understand, but as long as you put your position on record you need not give effect to it except by legislation. They have to comply with the Local Acts.

Mr. BRODEUR: You would have to put your resolution a little broader than it is at the end there "subject only to his satisfying the Government or existing examining authority of the Province or State."

Sir JOSEPH WARD: Very well—of the Province or Country or State.

CHAIRMAN: May I suggest that you would be satisfied with this resolution: "That it is desirable that reciprocity should be established "between the respective Governments and examining authorities throughout "the Empire with regard to the examination and authorisation of land "surveyors, and that the Memorandum of the Surveyor's Institution on this "subject be recommended to the favourable consideration of the several "Governments."

Dr. SMARTT: That meets it.

Sir JOSEPH WARD: That may mean it could not be done at all.

CHAIRMAN: On the contrary, I think it is very practical.

Sir JOSEPH WARD: Very well.

CHAIRMAN: That has been circulated to the members.

Sir JOSEPH WARD: You leave out everything after what?

CHAIRMAN: After the word "Surveyors" and insert "and that the "Memorandum of the Surveyors Institution on this subject be recommended "to the favourable consideration of the several Governments." That seems to me a very practical way of carrying out what you wish.

RECIPROCITY AS TO SURVEYORS.

Dr. SMARTT: I should think that meets it. Our difficulty is the same as the difficulty of the Surveyor's Institution of England. We are one of the few Colonies with a severe examination in connection with land surveying, not alone in reference to the mere surveying of land, but in connection with the other matters referred to by the Surveyors' Institution, and it would not do to allow the ordinary qualified land surveyor who had not studied the other subjects to come in and compete on even more favourable terms than our people who had studied these subjects. It is not our desire to prevent anybody from any part of the Empire coming in so long as we can arrive at a fair test.

Sir JOSEPH WARD: I am quite agreeable to accept that.

CHAIRMAN: Will that do, Mr. Brodeur?

Mr. BRODEUR: I do not think it would be possible for us to agree, because it would be asserting a right which we have not got at all. The Provinces have more rights than we have got ourselves.

CHAIRMAN: We are not saying that you have at any rate; we only say that it is desirable and we send up the paper for consideration.

Mr. BRODEUR: Then we might add a clause by which this matter be reserved for consideration.

CHAIRMAN: Yes.

Mr. DEAKIN: I quite agree with Mr. Brodeur that this is not a question we are entitled to speak upon with authority. I spoke on the previous question as a member of the legal profession.

CHAIRMAN: Shall we adopt it in that form?

Mr. BRODEUR: Will you please read it again?

Resolution XVI., p. ix.

CHAIRMAN: "That it is desirable that reciprocity should be established between the respective Governments and examining authorities throughout the Empire with regard to the examination and authorisation of land surveyors, and that the Memorandum of the Surveyor's Institution on this subject be commended to the favourable consideration of the several Governments." That sends it to everybody.

Mr. BRODEUR: Would that include both the Federal and the Provincial Governments?

CHAIRMAN: Yes, they are the examining authority.

Sir WILFRID LAURIER: That is a pious wish and nothing else.

CHAIRMAN: The subjects for to-morrow are Naturalization, the Extension of British Interests in the Pacific, Imperial Cables, and there is the Notice which Mr. Deakin handed in this morning; he also wishes to refer again to the organization of the Colonial Office, and I would like to get the final decision of the Conference with regard to the publication of the proceedings. That as far as I know is everything except two things, one, a

(Chairman.)

Universal Penny Postage, on which I wish to know what Sir Joseph Ward wishes to do, and the two subjects which have been discussed at the Treasury —Double Income Tax and the profit on silver coinage.

Sir WILFRID LAURIER: Then certainly we will not go through all that programme to-morrow.

CHAIRMAN: A good many of them are quite short.

Sir WILFRID LAURIER: But a good many of them would be long.

CHAIRMAN: I do not know how we are to go through them any other day.

Adjourned to to-morrow at half-past 10 o'clock.

Fourteenth Day.
9 May 1907.

FOURTEENTH DAY.

HELD AT THE COLONIAL OFFICE, DOWNING STREET,
THURSDAY, 9TH MAY 1907.

PRESENT:

The Right Honourable THE EARL OF ELGIN, K.G., Secretary of State for the Colonies (President).

The Right Honourable Sir WILFRID LAURIER, G.C.M.G., Prime Minister of Canada.

The Honourable Sir F. W. BORDEN, K.C.M.G., Minister of Militia and Defence (Canada).

The Honourable L. P. BRODEUR, Minister of Marine and Fisheries (Canada).

The Honourable ALFRED DEAKIN, Prime Minister of the Commonwealth of Australia.

The Honourable Sir W. LYNE, K.C.M.G., Minister of Trade and Customs (Australia).

The Honourable Sir JOSEPH WARD, K.C.M.G., Prime Minister of New Zealand.

The Honourable L. S. JAMESON, C.B., Prime Minister of Cape Colony.

The Honourable Dr. SMARTT, Commissioner of Public Works (Cape Colony).

The Right Honourable Sir ROBERT BOND, K.C.M.G., Prime Minister of Newfoundland.

The Honourable F. R. MOOR, Prime Minister of Natal.

General The Honourable LOUIS BOTHA, Prime Minister of the Transvaal.

The Right Honourable WINSTON S. CHURCHILL, M.P., Parliamentary Under Secretary of State for the Colonies.

Sir FRANCIS HOPWOOD, K.C.B., K.C.M.G., Permanent Under Secretary of State for the Colonies.

Sir J. L. MACKAY, G.C.M.G., K.C.I.E., on behalf of the India Office.

Mr. H. W. JUST, C.B., C.M.G.,
Mr. G. W. JOHNSON, C.M.G., } *Joint Secretaries.*

Mr. W. A. ROBINSON,
Assistant Secretary.

ALSO PRESENT:

The Right Honourable D. LLOYD GEORGE, M.P., President of the Board of Trade.

Mr. H. LLEWELLYN SMITH, C.B., Permanent Secretary to the Board of Trade.

Mr. A. WILSON FOX, C.B., Comptroller-General of the Commercial, Statistical, and Labour Department of the Board of Trade.

Mr. G. J. STANLEY, C.M.G., of the Board of Trade.

The Right Honourable SYDNEY BUXTON, M.P., Postmaster-General.

Mr. H. BABINGTON SMITH, C.B., C.S.I., Permanent Secretary to the Post Office.

The Right Honourable HERBERT GLADSTONE, M.P., Secretary of State for the Home Department.

Sir MACKENZIE D. CHALMERS, K.C.B., C.S.I., Permanent Secretary to the Home Office.

Mr. J. PEDDER, of the Home Office.

The Right Honourable H. H. ASQUITH, M.P., Chancellor of the Exchequer.

Mr. W. BLAIN, C.B., of the Treasury.

IMPERIAL SURTAX ON FOREIGN IMPORTS.

CHAIRMAN: Gentlemen, the first resolution on the Agenda is one that was submitted yesterday by Mr. Deakin. Mr. Lloyd George has been good enough to attend at some inconvenience, as he is due in the House of Commons at half-past eleven, so perhaps it will be possible to expedite the proceedings as much as possible in order that he may leave.

Mr. DEAKIN: Lord Elgin and gentlemen: In order to permit us to enjoy the inestimable advantage of hearing the President of the Board of Trade without any loss of the time at his disposal in listening to me, I will confine myself in submitting this resolution, to a very few general remarks. I think his cross-examination yesterday helped to elucidate the matter very well. If I understand the position, what we have arrived at is this. His Majesty's Government for various reasons says that any consideration of trade preference is impossible, that nothing is to be done in that direction. That disposes of one of the branches of the means which we favour as tending to promote Imperial unity—the same unity in times of peace and in industrial matters as are necessarily required for self-preservation in times of war. From the same motives, therefore, we now proceed to some allied propositions which make for preference of British citizens by British citizens, of British purchasers by British sellers, and of British consumers by British producers. We gather generally that on this question, at all events, His Majesty's Ministers in this country have an open mind. Indeed, there were sympathetic references made both by the Chancellor of the Exchequer and the President of the Board of Trade to these other means of facilitating intercourse, increasing inter-Imperial trade, and obtaining the advantages which flow from those very desirable developments.

We seem to be agreed that something has to be done to provide increased facilities for communication by mail steamers, with their attendant increased facilities of communication for travellers; improved cable communication which means cheaper cable communication and more of it; the lowering of such charges as those levied in the Suez Canal, with which Sir Joseph Ward has exhaustively dealt, and kindred propositions, which, raising no fiscal question, imply the extension and enhancement of our present means of communication and trade. The great advantage of this development, especially of communication, is that it benefits both ends and any intermediate dominions. It cannot be said that the Mother Country is not herself most deeply interested in this question, even if for the moment we looked upon the Mother Country as severed in her special interests from her Dominions over the Sea. Here is the centre of all communication; every mode of communication has shares of its benefits and confers the greater share in this country. Consequently, the money expended on improving means of communication, whether by ship or by cable, are directly to the advantage of the industries and the people of this country. They are also advantageous at the other end to our interests. Now, I think, in matters of communication our differences in population are measured by the proportionate gain which accompanies them, or, in other words, that the expenditure of the Mother Country in such matters, if in proportion to its population, would at least be met by proportionate benefits from this means. So also in the case of cables and of the general charges imposed on British commerce, not only those levied at the Suez Canal, but any others which tend to diminish the full use of present opportunities. They may be assessed either by population or trade. Having got to that stage, the next question is: How shall such propositions be given effect to? How shall they be realised? What concrete shape shall they assume? It has always been possible for individual Dominions, or several together, to approach the British Government or each other in regard to postal contracts, or in relation to cables, by going the length even of State ownership to provide for conjoint action. I think that on the whole, speaking generally, the postal contracts which have been made have been well worth the money expended upon them—exceptions excepted—and that they still continue to be well worth the money spent upon them, although the mere postal interest is, if anything, less than it ever was before. It is always tending to become less, so great are the other advantages associated with the use of swift and up-to-date steamers with their advantages for the travelling of persons and for the carriage of goods which can afford to pay rather higher freights. These count really for very much in modern postal contracts. We have come to that stage when I understand His Majesty's Government are prepared to consider propositions of this sort, but if they are considered only in an individual fashion with the particular Dominions concerned, we shall have made no advance on the methods which have been employed for many years past. Surely the opportunity has come when we can make a real advance on those methods. Without this Conference, and without more than a general discussion, something may be done now to help us all after this Conference. Is not our duty to seize the opportunity while we are here to consider the means by which the consideration of inter-Imperial business questions may be made more pressing and immediate as well as practical? This resolution suggests one means to that end—the means originally proposed by Mr. Hofmeyr, afterwards further developed by Sir George Sydenham Clarke, and I think further simplified in the proposal which I now lay before this Conference. This implies first of all some fund out of which we can finance any useful general agencies. Next, after creating a fund, although that inverts the usual order of proceedings to some extent—while obtaining it you draw your representatives together for the special purpose of

dealing in a simple business fashion with a series of business propositions which may refer to any one of the things I have mentioned, or to any other projects of the same character which are regarded as of Imperial importance, and to which two or more governments, counting the United Kingdom and the parts of the Empire represented, may be able and may desire to combine for the common good. The representatives will meet for that practical purpose, sift these business proposals from a business standpoint, closely examine their cost, carefully consider the returns to be obtained, and look at all the associated consequences, and then prepare schemes, some of which will interest only the United Kingdom and a particular dominion, others the United Kingdom and two or more, others can perhaps be devised which would interest them all. Then those propositions require to be submitted to the Legislatures affected before they can be endorsed. So that what we get is, first of all, a fund; next the expert consideration on a business basis of the means of employing that fund. So when the several Parliaments came to deal with it they would be fully equipped to judge these propositions, to accept or reject them as they please, or perhaps modify them by referring them back, the proportionate contributions of each being scrutinised by each party. It is not necessary to work that out now in detail. At all events, we should be face to face with the certainty of having money to spend for Imperial purposes, and practical proposals how to spend it after thorough examination had satisfied the different Legislatures. I can see no interference with self-government, or with fiscal policy. First of all, the amount suggested by Sir G. Sydenham Clarke is only one per cent., and that amount need not be levied on the goods, but provided by contribution.

Mr. WINSTON CHURCHILL: By subvention.

Mr. DEAKIN: Yes, so that the fiscal question cannot possibly arise. I see the President's estimate yesterday was quite correct. It is reckoned, roughly speaking, on a recent year at 4,600,000*l.*—it would be higher this year when every return is higher—but, taking it roughly, four and a half millions one year with the other, as a rule, would be likely to be made available on that scale. You are not obliged to spend that each year, but could carry it on, if necessary, and accumulate it for a particular purpose, either for a series of expenditures year by year for the one purpose, or by a capital outlay. I need not go into details. I think I have made the general sense quite plain. It is to bring us to a point, if possible, and to give a positive character if we can and a direct impulse to these means of action already approved by the Government. I think there is a great deal to commend this, or I should not lay it before the Conference. Allow me to say that not only have I no proprietary rights in the proposition, but if I had, I should recognise that this was not a developed plan to stand upon at all. Any amendment which will make it more effective, and any reshaping of it which would accomplish the same end, would commend itself to me. It would only then become a question of degree, which was the speediest and most practicable form to give it. I am not wedded to it. But we do want, as it seems to me, some means of concentrating the consideration of all the legislatures upon these Imperial problems.

Mr. LLOYD GEORGE: I should like to know something about your idea of the administration of the fund.

Mr. DEAKIN: If the contribution of a particular Dominion were so many hundreds of thousands of pounds, shillings and pence, the arrangement would not be that that amount should be spent merely upon the Dominion in question, but the principle observed would be that practically to all intents and purposes each community would control and see expended the amount of its contribution with its own consent.

Mr. WINSTON CHURCHILL: Do you include Imperial defence among "Imperial purposes"?

Mr. DEAKIN: Not these Imperial purposes, though that was the original proposal. Mr. Hofmeyr put Imperial defence first. That was afterwards deflected to industrial proposals of this sort, because defence was found to raise a great many difficult questions; even so ardent an enthusiast for Imperial defence as Sir George Sydenham Clarke abandoned that side of the proposal and devoted himself to this kind of proposal. My idea, therefore, is that practically the whole sum contributed by the United Kingdom should be disposed of by the Parliament of the United Kingdom as it approved schemes, speaking roughly, to that extent. Certainly none of its money could be expended on anything else without its consent. Without requiring the fund to be kept to a shilling or a penny, each Parliament would control its own contribution and require to give its own consent to its use.

Mr. WINSTON CHURCHILL: Supposing the contributions of any particular parties to this agreement were not expended in a given year.

Mr. DEAKIN: Carry them forward.

Mr. WINSTON CHURCHILL: Or supposing a proposal was made that they were to be expended in a particular way, and the Parliaments refused to ratify it, the sum would be carried over and roll on.

Mr. DEAKIN: Accumulated until some project was arrived at which met with the approval of that particular legislature or until the agreement to make such a levy expired. This is very far from being an Imperial federation, very far from creating a body having authority either to raise money or spend money after it is raised. It is quite apart from any proposition to interfere with self-government. I admit that at once, and also admit that any endeavour to bring about co-operation in this way, when a number of legislatures are concerned, is open to all the criticism suggested by our knowledge of the difficulty of getting them to act together. But we give them at least a means and motive to act together; we bring proposals before them and put the responsibility on the proper shoulders. We enable their electorates to say whether they will refuse to combine for Imperial purposes or not. We cannot do more than appeal to the people and the legislatures, and put the responsibility on those who decline to co-operate. As it seems to me, the great value of this proposition or any similar proposition is first, that it points to action, and next, to practical action. It favours immediate action, and if that action is not taken and that co-operation is not brought about, it puts the responsibility on the right shoulders. Let us know which are the peoples who refuse to act and why they refuse to act with their kindred. These are business propositions, and will have no party character. To cheapen a cable or make a new cable, establish or not establish a new line of steamers, are business propositions which do not involve any party quarrel between the legislatures or parties concerned. They can only say, "this is not "sufficiently remunerative; that is not sufficiently practical; we are paying "too much for it; here is a better scheme." The whole consideration would turn upon questions of pounds, shillings, and pence. Such projects would not involve fiscal policy or impair self-government, but provide a means for common action, and in that way bring pressure to bear in favour of action. I do not discuss who pays the tax, how proportions are to be established, or

anything about all those questions of detail. But, in order to fulfil my undertaking, I conclude with this brief exposition, and will answer questions as well as I can, if asked to make it complete.

Mr. LLOYD GEORGE: Lord Elgin, and gentlemen, I am exceedingly obliged to Mr. Deakin and the Conference, for allowing me to take this matter first, because I have my Patents Bill in the House of Commons, and have to attend to the piloting of it through Committee.

The Chancellor of the Exchequer, in his speech last week, stated very clearly that the Government were quite prepared to consider, and to consider favourably, with a view to action, any workable scheme for improving Imperial inter-communications, and I understand that this proposal of Mr. Deakin's is a response to the appeal Mr. Asquith made for a workable scheme. As Mr. Deakin has put it, it is a business proposition.

The first thing I point out—as he has already pointed out in reply to Mr. Churchill's question—is that this is not exactly Mr. Hofmeyr's proposal, and I do not think it is Sir George Sydenham Clarke's proposal.

Mr. DEAKIN: No; both of them had in mind an Imperial Council.

Mr. LLOYD GEORGE: Yes, but from another very important point of view Sir George Sydenham Clarke's proposal, and Mr. Hofmeyr's, were, I thought, more or less on the same lines. I understand that they proposed that a fund should be raised for Imperial purposes, but first amongst the Imperial purposes they placed the question of Imperial defence.

Mr. DEAKIN: Sir George Sydenham Clarke, in the latest development I have seen of his proposal in one of your reviews,* withdrew the proposal for defence altogether.

Mr. WINSTON CHURCHILL: Do you know what reasons he gave?

Mr. DEAKIN: The note I have of what he said was "that the "difficulty of dealing with naval defence on an Imperial basis is very great. "The Navy alone stands in the position of being a ubiquitous guardian and "a proof of Empire, but its functions are inadequately understood at home, "and far from being realised in greater Britain and the idea of an Imperial "Navy to which all contribute, must, for the present, be abandoned." That was said in a speech when he was Governor of Victoria, at Melbourne.

Mr. LLOYD GEORGE: I only point out that Imperial defence was an essential part of the scheme put forward by Mr. Hofmeyr, and I thought by Sir George Clarke when he proposed a levy of this kind. Otherwise they would not have dreamt of raising a sum of 5,000,000*l.* merely for the purpose of cables and matters of that sort.

Mr. DEAKIN: I merely suggest 1 per cent. as he did.

Mr. LLOYD GEORGE: But that is a rather important element for us. If Imperial defence were part of the scheme, it would be an admirable business proposition for us, because the contribution of the Colonies in

* *See* "Nineteenth Century," May 1904, p. 707.

proportion to population is something like one third of ours. We, at the present moment, are contributing about 33,000,000*l.* to the Imperial Navy. I forget what the Colonies are subscribing; it is something like half a million. So, as a business proposition it would be a very admirable one for us because, if the money is to be brought into a general fund, and we are to divide it in these proportions, we should get about seven or eight millions of money out of it towards Imperial defence. But that I do not gather to be Mr. Deakin's idea, which is that this money should be spent purely for the purpose of improving transport communication and cables and matters of that kind. That is a very desirable object in itself, as I have already stated, but I do not want to enter upon that again; I adhere to everything I said before. Mr. Churchill points out, too, that the establishment in the Colonies of a service corresponding to our consular service in foreign countries is another scheme which has for its object the development of the trade of the Empire as a whole. But what does this proposal of Mr. Deakin's really mean? It means that the United Kingdom would contribute 4,500,000*l.* My figure was correct yesterday, but I over-estimated the contribution of the self-governing Colonies, and I find that the Australian Commonwealth would contribute 100,000*l.*, New Zealand 20,000*l.*, Canada 400,000*l.*—although the population of Canada is only about 1,500,000 above that of the Commonwealth, they would contribute four times as much—Newfoundland would contribute 6,000*l.*; Cape Colony would contribute 40,000*l.*; Natal would contribute 26,000*l.* Now, it is obvious that is not merely an unfair, but a grossly unfair, contribution as between the Mother Country and the Colonies.

Mr. DEAKIN: But each spends its own money.

Mr. LLOYD GEORGE: And it is also an unfair distribution of burdens as between one Colony and the other.

Mr. DEAKIN: Each spends its own money.

Mr. LLOYD GEORGE: We do that now, and are doing it now. We are spending 33,000,000*l.* upon Naval defence. As I said before, we are willing, if there is a working scheme put forward, to assist in developing communications. But this seems to me to be an unfair, unjust, and unbusiness-like response to the appeal made by the Chancellor of the Exchequer.

Mr. DEAKIN: Although you vote your own money for your own purposes?

Mr. LLOYD GEORGE: But then I do not see the object. Either this means what it says, or it does not. We are to pay 4,500,000*l.* and the Cape 40,000*l.*

Dr. SMARTT: The foreigner pays, and we do not.

Mr. LLOYD GEORGE: If we really drag the fiscal question into it, I do not think we shall come to an end. You are to find 40,000*l.*, and Canada is to find 400,000*l.* You may depend upon it, if you or Canada thought you could get an extra 40,000*l.* or 400,000*l.* out of the foreigner, surely you would try to get it. I do not doubt that at all. But no doubt you have already gone to the limit—the highest point at which you think that revenue is consistent

with imposing burdens on somebody else. However, I do not want to enter into that.

Now, take the benefits to be derived out of it. I am certain there would be a very considerable benefit to the Empire as a whole; we would benefit, the Colonies would benefit, each individually, and the Empire, as a whole, would be the richer for it. I am confident of that. But the experience of Canada has proved that, while preference has undoubtedly stimulated trade between the Mother Country and the Dominion, the relative effect on Canadian export trade, as a whole, has been much greater than that on the export trade of the United Kingdom. The only advantage of this proposal, if I may say so, is this: I think that it is useful as furnishing almost with mathematical precision Mr. Deakin's ideas as to the proportion of the burden of Imperial preference which should be borne by the Mother Country and by the self-governing Colonies respectively.

Mr. DEAKIN: Pardon me, I do not think it has the slightest relation to it.

Mr. LLOYD GEORGE: This is how it works. We are to contribute 4,500,000*l.*; the self-governing Colonies are to contribute all of them put together under 600,000*l.* I said yesterday we should have to put down 5*l.* for every 1*l.* the Colonies put down. I was wrong. We should have to put down 7*l.* 10*s.* for every 1*l.* provided by the Colonies.

Mr. DEAKIN: On this year's returns or what year?

Mr. LLOYD GEORGE: On the returns of 1905. That I think is a very unfair and improper proportion for the Mother Country to be asked to bear. I mean that we should get half the benefit with sevenfold the burden.

Mr. DEAKIN: Who said half the benefit?

Mr. LLOYD GEORGE: Preference invariably means that. It is a greater development for the trade of the Colonies than for ours. It would be an advantage to us, but not the same advantage to us as to the Colonies.

Mr. DEAKIN: Surely you are applying your reading of one particular preference by means of reduced duties in your favour, to cable services, mail services, and services of that kind undertaken each on its own merits. There is no proportion and no connection one with the other.

Mr. LLOYD GEORGE: I am perfectly certain of this: it would mean a good deal more for the trade of the Colonies than for us. I am not putting it as an argument against you, but on the contrary as an argument in favour of it.

Mr. DEAKIN: A cheap cable service cannot mean just as much in value to a small dominion as to this country.

Mr. LLOYD GEORGE: No, it means that we should shift our trade very largely, and I think that would be an advantage from the Imperial point

of view. Instead of trading to a certain extent with, for instance, the Argentine, we should trade with you. The benefit from the Imperial point of view would be great. You would develop your trade enormously. All I say in a proposition of that sort is that you ought to contribute at any rate equally—I am not putting it higher than that.

Dr. JAMESON: You are going to take the trade by this proposition from the Argentine to the British Colonies. By so much as you transfer it, the less will be the money you will pay to this fund, the fund will be smaller.

Mr. DEAKIN: That is another point.

Mr. LLOYD GEORGE: But to what extent?

Dr. JAMESON: Exactly to the extent you say.

Mr. LLOYD GEORGE: To the extent of one per cent. Our imports of manufactures would be practically unaffected.

Dr. JAMESON: It is on the manufactures you introduced into this country.

Mr. LLOYD GEORGE: Yes, practically unaffected by a proposal of this kind.

Dr. JAMESON: That brings in the point that you will probably make them yourselves.

Mr. LLOYD GEORGE: That is quite a different question.

Dr. JAMESON: Not different, merely a bigger part of the same question.

Mr. LLOYD GEORGE: But the proposition as it stands at the present moment, is that we should, if we prefer it, make an equivalent contribution instead of levying one per cent. on our imports from foreign countries. That means upon the present basis of our fiscal policy a contribution of 4,500,000*l.* as against 600,000*l.* by the self-governing Colonies. I do not think the thing is workable for a moment.

Mr. DEAKIN: May I say that I am not altogether surprised at the nature of the reply, but entirely surprised at the line of argument which has been pursued. I have never heard more fallacious and transparently inapplicable comparisons applied from one set of circumstances to a different set of circumstances than I have just listened to. I must say that to attempt to take the consequences of alterations in our several schedules of duties as a measure of what you are to gain by some unknown and yet undefined mail service or cable service improvement, a reduction in canal dues, or anything of that sort, is perfectly futile. If such reasoning carries conviction to anyone, it certainly does not to me. I laid no stress upon the particular amount of 1 per cent. I took that from Sir G. Sydenham Clarke for the purposes of launching the proposition, as I thought I carefully explained. But the worst fallacy of all is, that because each country is to dedicate a certain amount towards Imperial purposes, therefore, of course, there must be some proportion either of population or other proportion between those amounts. There is no necessity for any proportion whatever in the amount paid by each to its fund while that fund remains, as I said, under the control of the people who raise it and

who spend it only as they think fit for their own interest. If they do not think a project is in their own interest, they do not spend it; if they do think it is for their own interest, they spend what may be necessary upon it. They do that only when they believe the benefits to be gained will reward them for their own investment of their own fund.

Mr. WINSTON CHURCHILL: But meanwhile they would have to raise the sum of money every year by the taxation of the year, and if they did not spend it, it would accumulate steadily in a fund.

Mr. F. R. MOOR: Why accumulate it? You could earmark it.

Mr. DEAKIN: I have only put forward this method of arriving at an Imperial fund in a tentative and experimental way. As I thought I took care to say, I am not wedded to this particular form of contribution. What I want to see are Imperial contributions for Imperial purposes, to be approved by each Legislature, and I take it that the fact that each Legislature had to give its approval to the expenditure of its own money is quite a sufficient guarantee that it will be expended fairly according to the judgment of those composing that Legislature. In fact, that is the way we spend all our money now.

Mr. WINSTON CHURCHILL: Then, under your proposal, there would be no obligation for any of the parties to the union to make any payments in pursuance of the agreements into which they have entered.

Mr. DEAKIN: The obligation on each party would be to set apart whatever sum was mutually agreed upon for Imperial purposes for a given period, or until the arrangement was altered by consent. That would be binding for the period named, but whether any or all of that fund shall be applied, to what purpose it shall be applied, and in what proportion as compared to the other contributors it shall be applied, would rest wholly under the control of the Legislature concerned. So that this proposition would do nothing more, if adopted, than indicate one means by which revenue might be raised for Imperial purposes by all the Dominions, unless they chose to substitute equal subventions; I do not put it any higher than that. I said this or some similar proposal would give you an Imperial fund for business purposes that would be dealt with in a business-like way. When I have said that, it seems to me I have disposed of the whole of the argument of the President of the Board of Trade. He persists in assuming that I propose that these Legislatures should in some mysterious manner be moved to vote their own money for unbusiness-like proposals and in unfair proportions. We are to get all the benefit and the United Kingdom is to bear all the loss of all our agreements whatever they may be. I had no such proposition in my mind, and would not support a proposition which would work out in that fashion. It is left to each Legislature to decide how they should spend their money, and how much money they should spend. What better security can there be? Again, even if the argument had discovered a defect in the particular system of raising the money, it does not point to a defect in the principle I am concerned to maintain. This is, that if we remain as we are, dependent upon individual negotiations between one or two governments concerned in occasional arrangements, we shall be in no better position after this Conference than we were before it.

I have submitted this in order to see if we can discover some means by which an Imperial fund may be raised for Imperial purposes, without diminishing in any way the self-governing powers of the different dominions. They are to remain just as free and independent in their financial control

of their portions of this fund as they are now. These portions would be earmarked as the total fund would be earmarked. No one else could poach upon it. But they would have the impulse of a common Imperial movement and the control individually of a collective Imperial fund, if such can be raised, and then the responsibility first of sending their representatives to consider business propositions in a business-like way, and then of adopting, rejecting, or amending these propositions. What is there unfair or unconstitutional in that? May I once more say that the whole criticism of the President of the Board of Trade assumes the most unbusiness-like propositions to be considered in the most unbusiness-like way, and voted for by the several legislatures affected to their own undoing and for their own loss?

Sir WILFRID LAURIER: Lord Elgin and gentlemen, this proposition to me is not new at all. It is quite familiar. It is the old Hofmeyr proposal with a new suit of clothes on, and the modification which has been introduced by Mr. Deakin does not alter at all the fact that this proposition has been now for some 15 years before the British Empire and has not commended itself, so far as I know, to any one of the component parts of it.

If I understand the meaning of this resolution aright, it would simply mean this—Mr. Deakin will correct me if I am wrong—and this seems to be the logical consequence of it, that it would imply that the British Government would have to pay a duty of 1 per cent. upon their imports, and that it would be left to the other legislatures to supply the same amount if they please.

Mr. DEAKIN: No, the intention is that any member, the United Kingdom, or any other, could make an equivalent contribution.

Sir WILFRID LAURIER: Exactly, but what is to determine the equivalent contribution if it be not the contribution of the United Kingdom?

Mr. DEAKIN: A calculation of 1 per cent. upon the foreign trade of each.

Sir WILFRID LAURIER: Exactly, but it is not a calculation. This resolution is: "This Conference recommends that in order to provide funds "for developing trade, commerce, the means of communication, and those of "transport within the Empire, a duty of 1 per cent. upon all foreign "imports shall be levied or an equivalent contribution made by each of its "Legislatures. After consultation between their representatives in Conference "the common fund shall be devoted to co-operative projects approved by the "Legislatures affected with the general purpose of fostering the industrial "forces of the Empire so as to promote its growth and unity." What is to determine this equivalent to be contributed by the different Legislatures, if it be not implied by the contribution of the 1 per cent. levied by the United Kingdom. The United Kingdom would levy 1 per cent. upon its imports which would produce so many millions—10,000,000*l.*, 12,000,000*l.*, or 20,000,000*l.*—and then the Legislatures would contribute an equivalent to that. That seems to me a very serious objection to this scheme.

I pass from this consideration and say that in its shape I do not think it could be acceptable to anybody here. But I look now to the purpose which Mr. Deakin has in view of creating a general fund. I objected the other day when the matter was brought to our attention that in Canada we would not touch our tariff at all. We have just spent considerable labour upon it, and would leave it as it is. But Mr. Deakin says: "Then contribute as you please." There is objection to it, as I pointed out. I do not see what amount we are to contribute to this matter unless we take the contribution of 1 per cent. by the British Treasury by means of this imposition.

I come now to the second part. You want to create an Imperial fund. If Mr. Deakin permits me with all deference to say so this is a very hazy proposition to create a general fund for certain purposes, indefinite, undetermined, and as to which we shall have to cudgel our brains as to how to employ the money thus raised. I prefer to come directly to the point. There are Imperial projects of magnitude which we can consider. Cables are one; improvement in navigation is another. If we agree on this particular point before we separate that it would be an advantage to create more cables and add to the cables we have already or extend the Imperial cable we have. For my part, I am quite ready to consider the proposition that each of those interested at all events—perhaps South Africa or other parts would not be—should agree to contribute a certain amount. Or if you have a scheme, for instance, for improving navigation and communication between all parts of the British Empire, a scheme which seems to me most worthy of consideration, it would be a stronger bond of union at the present time than anything we could devise. If we had a rapid up-to-date line of communication by which we combined the whole of the British Empire here represented, it would do more towards unity than anything you can devise. For anything of that sort I am prepared to say—and the people of Canada will be ready I am sure to say so too—that we will put our hands into our pockets for the promotion of such an object, as would Australia also, and New Zealand I believe. Therefore I say it is better to come directly to an issue, and take the cable issue, say, this year, another issue next year, and so on. But I cannot agree with the proposal of Mr. Deakin, and I give my view in all frankness on this matter.

Sir JOSEPH WARD: Lord Elgin, and gentlemen, my sympathies are entirely in the direction Mr. Deakin is urging, and I want, with him, to do everything in my power to assist in the bringing about of preferential trade within the Empire, because—and I do not want to go over the same ground again—I think it is in the best interests of the Empire. The more I think of it, the more I do not like the idea of a surtax, for more than one reason. Why? Under this proposition, if 1 per cent. surtax were levied, it would bring from New Zealand 20,000*l.* a year. From the point of view of assisting in bringing New Zealand into closer union with the Old Country, in my view, 20,000*l.* a year is a mere drop in the bucket, and quite inadequate, so instead of 1 per cent. as our contribution we would probably have to have 5 per cent. or 2½ per cent. to produce something greater, whether that be 50,000*l.*, 60,000*l.*, 70,000*l.*, or perhaps 100,000*l.* a year, to do what we require to do in connection with the important matter of shipping connection alone in order to bring our country closer to the Old World. Once I, as representing New Zealand, commit myself to this proposition of Mr. Hofmeyr's, or rather Mr. Deakin's altered one, I am going to embark in an unknown future undertaking as far as New Zealand goes, with the undoubted sequence to this proposal of a higher rate than 1 per cent. being imposed upon our country. I am not prepared at present to do that. In New Zealand, we have had some experience of surtaxes. I recall right back in my own early history in Parliament in our own country the fact that the Government of that time imposed a 2½ per cent. overriding duty upon all articles imported into the country, dutiable and free, for the purpose of assisting the revenue generally. It was a most disliked tax. Though there was not universal approval given to it, and no departure from the principle of those who held Free Trade views, it was looked upon probably as an expedient and at the time necessary thing to do, but it had not been in operation twelve months when all sides were very strongly opposed to it, and the Government of the day had to take the tax off. It was one of the first things the Government of which I was a member then, and am now, had to remove. Having supported the putting into operation of that surtax in New Zealand, it was

found to be exceedingly unpopular amongst the mercantile and farming world and amongst all classes in our country, and we had to take it off. I take these figures given by Mr. Lloyd George for the purpose of my argument. No doubt they are perfectly correct; 20,000*l.* a year for a contribution to a fast mail service from New Zealand to London would be quite inadequate, and instead of 1 per cent. I am perfectly certain our Colony would have to make provision for a very much larger charge. I am not discussing the principle, but the working of it out from the point of view of what I can foresee would arise in New Zealand. Another thing why I do not like it—and this is the point which, since it was mentioned yesterday, has been passing through my mind from time to time. We have already in New Zealand imposed a higher duty against foreign importations than against British on certain articles, ranging from 20 per cent., and some articles are admitted free from England with a duty put against things from foreign countries on our free list independent of that. We are anxious to turn the current of foreign trade to Great Britain and the Colonies. In this next session of Parliament, to which I am going back, we are submitting the revision of our customs tariff, and this policy will underlie our tariff to some extent. If we succeed in stopping the importation of goods from foreign countries who give us nothing in return for what we do now in the way of remission of duties, by treaties, or anything else, upon whom are we going to levy our 1 per cent. or whatever we decide to put on in the way of a surtax? We are going to put it every time against the Britisher. The object Mr. Deakin has in view I am in sympathy with, and would sincerely like to be able to support him in this proposal, but it would, as it occurs to me, have an injurious effect, and as it struck me when first I heard the proposal here I really do think it would tell against us in the advocacy of preferential trade with different portions of the British possessions in the future.

I think we ought to have something definite if possible before we leave this Conference upon the important matters of inter-communication and other subjects I referred to, and I should like to hear the British Government say they are prepared to provide, say half a million of money as a contribution towards these matters, the Colonies in turn coming in with a fair proportion, the whole amount not to be put up unless we gave our fair proportion towards bringing about an Imperial and Colonial mail service, improved cable service, and so on. With all deference to those responsible for the outward traffic from England through the Suez Canal to the Colonies, I suggest it would be a good thing to have a bounty system or something of the kind, or a percentage of contribution to the steamers carrying cargoes. I am not suggesting anything in the matter of passengers because I think the practical side of getting our products through the Suez Canal is altogether of greater importance than anything else we can suggest. If we could give a tonnage contribution of some kind so as to make it possible for these tramp steamers to work with Australia and New Zealand through that canal—a contribution by way of bounty if you like—I think would be a very fine thing to do. If the British Government would say that in order to ensure a material reduction in the cost of cabling to Australia and New Zealand they would divert all their traffic to the Pacific cable for a period, provided it was done at a certain rate, and if the other companies would come down to the same rate, a division of the business could be given from the whole of us, and if a guarantee against loss to the shareholders in the Eastern Cable Company were given by the respective Governments, and of course to the Pacific Cable Company, who have guaranteed the money for the Pacific cable, you would be in a position to get low rates and be able to do an incalculable amount of good.

I know Mr. Deakin's sincerity and earnestness in trying to bring about Imperial unity in the way he has advocated, and I am anxious to see

something done; but I see difficulties from the point of view of New Zealand, and I would suggest to Mr. Deakin, as we have had unanimity from the Colonies so far, that having elicted a discussion on this matter it would be better not to take a vote. I do not want to vote against him; but from my knowledge of the way a surtax has operated in New Zealand and the uncertainty of my colleagues' views upon the matter as well as of the New Zealand Parliament I am not prepared to act in regard to a proposal which has a great underlying principle in it, that is this overriding system of taxation, I would not myself feel justified in supporting it. I am sorry I have to dissent from Mr. Deakin in this matter, but it is inevitable.

Dr. JAMESON: Lord Elgin and gentlemen, I am not going to dissent from Mr. Deakin. I am fully in sympathy with everything he has said here on the subject; but at the same time it is quite true, as Sir Wilfrid Laurier said, this is too hazy and too complicated. I take it what Mr. Deakin had in his mind was to try to take some practical step forward.

Mr. DEAKIN: Yes. If not this, what is the alternative?

Dr. JAMESON: We listened with the greatest pleasure to the extremely sympathetic speech from Mr. Lloyd George when he had to emphasise what the Chancellor of the Exchequer had already told us, that our pet idea must be abandoned, but that there were all kinds of subsidiary matters that would help in the same direction. What I was waiting for was some practicable scheme about the subsidiary matters, and still more for some practical suggestion as to the amount of money which was going to be put up to carry out the practical schemes, and no doubt Mr. Deakin having running in his mind these two practical propositions, brought this forward as a possible scheme for getting the money to do some of these subsidiary things which are proposed, and which we do not believe, but know, will help towards our ideas.

Mr. LLOYD GEORGE: You must have a scheme before you consider the money part of it.

Dr. JAMESON: It is a very useful thing to have a fund to draw upon for any scheme.

Mr. WINSTON CHURCHILL: Having a fund and then looking for objects to spend it on was pithily described the other day as finding a biscuit in the street and then buying a dog to give it to.

Dr. JAMESON: As a matter of fact, there is a general scheme which will cost money, and I believe I heard Mr. Lloyd George say that, with a view to fostering trade within the Empire, he had already been to the Chancellor of the Exchequer to get money for the appointment of commercial experts.

Mr. LLOYD GEORGE: I have been promised it since.

Dr. JAMESON: It requires money, but you said we will not stop there; we will do other things which will require money.

Mr. LLOYD GEORGE: I had my scheme first, and then I got my money.

Dr. JAMESON: I hope you have your scheme now. Mr. Deakin is now going to suggest a way to you to get the money. I hope it was not a mere general statement. We expect to get something more on the lines suggested by Sir Joseph Ward—subsidies to freights on tramp steamers, and so on. This is merely a suggestion from Mr. Deakin—not fixing himself to 1 per cent. or to 10 per cent. or a decimal percentage at all, but a suggestion by which the fighting forces might be provided.

I am really quite in accord with the general principle; but it is possible, if Sir Joseph Ward's suggestion is adopted by the Government, and that half a million is going to be put up for this purpose by the Government, and we all round the table put our proportion, it might be unnecessary to pass this, and I daresay Mr. Deakin would not then put it to the vote at all.

Mr. F. R. MOOR: Lord Elgin and gentlemen, we have been considerably edified by the sympathy that has been extended to us by the Imperial Government, and the promise of what we may expect in the furtherance of our Imperial ideas. But I think it would be greatly to our advantage in bringing about something in the shape of some fruit as regards this Conference, if the Imperial Government would be a little more candid and let us know, in some practical way, the steps they would take to bring about the object we all have in view. I am loth to vote against a proposition of this sort, which has at any rate a practical ring about it with respect to providing a common fund; but when the Government meets us and tells us they have a great deal of sympathy for what we are trying to do, and do not tell us they have anything behind which they may suggest before we break up, I think it would be in the interest of all if they would give us some indication, in a practical way, of what they do propose or would be prepared to consider. We have tried in various ways, but we have been met by refusal, certainly, again I repeat, in a very sympathetic way. But that does not help us. We are here for business and to promote our common interests, and we do want something tangible, if possible, to take back to our Colonies. I do hope before this resolution is put that Mr. Lloyd George will indicate some way.

Mr. LLOYD GEORGE: What have you proposed, except something that would involve a change in our fiscal system? What practical proposals have you made that we have refused?

Mr. F. R. MOOR: I am not arguing that point, but we have brought forward proposals that have not been acceptable to the Home Government, and the Government have, at the same time, told us they are very kindly disposed towards us, and that in some way they would be only too glad to meet us if it fell in with the views of the Imperial Government. Will the Imperial Government tell us how, in some practical way, we can decide on some common resolution?

Mr. LLOYD GEORGE: I thought we had done so.

Sir ROBERT BOND: Lord Elgin, and gentlemen, I am sorry I cannot support the resolution proposed by Mr. Deakin. The position of the Colony I represent in respect to imports and exports is entirely different from that of any other Colony in the Empire. For instance, our exports to the United Kingdom only amount to 13 per cent. of our total; whereas these of Cape Colony amount to 95 per cent., New Zealand 78, Australia 70, Natal 52, British Guiana 52, and Canada 52. Our principal trade is with foreign countries. About 70 per cent. of our exports go to the Mediterranean, and to South America. I might say, further, that our average tariff taxation

to-day is about 35 per cent., and I could not recommend to my Parliament an increase of that tariff by even 1 per cent. Further, the importations into the Colony are principally from foreign countries. One of our largest importations is salt for fishery purposes and is obtained from Cadiz. This at the present time passes in duty free, and the imposition, even of 1 per cent., might not only lead to retaliation on the part of our Spanish and Portuguese customers, but the tax would fall heavily upon the very poorest of the population, namely, the fishermen. There is another large foreign importation, namely, flour. Part of our importation comes from Canada, but a considerable portion of it, highest grades, comes from the United States of America. That now passes in duty free, and the imposition of even 1 per cent. upon the principal food of the poorest people of the Colony, would naturally be resented and be regarded as oppressive. The other articles of foreign importation, upon which the proposed tax would fall, would be meats, pork, bacon, butter, sugar. Forty-five per cent. of the total imports of the Colony consist of food, and these are derived to a large extent from the United States of America. The policy of my Government is to reduce the tax on articles of food. The fact then that a very large proportion of our food supplies has to be imported from the United States, and our fishery supply of salt from Cadiz, renders the position of my Colony, as I have previously remarked, totally different from that of any other Colony. Under these circumstances I regret that I cannot support the proposal that is made.

Mr. DEAKIN: If I had taken fuller advantage of my opportunities when opening this debate instead of curtailing my remarks to spare time for the Minister I should have avoided some of the criticisms, even of my friend Sir Joseph Ward. If he looks at this proposition, he will see I have suggested the 1 per cent. only as a measure, so that it would be quite possible for New Zealand or any State in a similar position not to impose the 1 per cent. at all or impose any surtax. Under the second clause of the first paragraph "or an equivalent contribution made by each of the legislatures," it would only be necessary for New Zealand to find her 20,000*l*., or whatever the sum is, from her own revenue, without a surtax at all. I am sure that misapprehension was due to my omission to explain the details of the proposition at length. I only submitted it, of course, to assert or suggest a principle and not as a final proposition which could not be amended. I admit, however, that Sir Joseph's criticism and the criticism to which it has been subjected by others show that this percentage upon foreign goods is open to serious criticism. It is needless to pretend that it is not. But again it was the same misreading of the resolution which led Sir Joseph to speak of the possibility of the 1 per cent. duty falling upon British goods instead of upon foreign. That would not be possible under the terms of this resolution at all. First of all, you need not have your surtax on foreign goods unless you like; but you cannot have it on anything else. You can take it out of general revenue. You cannot impose 1 per cent. on anything except on foreign goods, and need not impose that if you prefer some other means of finding the money.

Sir JOSEPH WARD: Yes, I see that is so.

Mr. DEAKIN: Sir Joseph's criticism was entirely sympathetic, as was that of most other Colonial members of the Conference. Having regard to the general character of this resolution and the nature of the subject, I had not even worked out the figures as to what a 1 per cent. contribution was. I stated yesterday, and stated again to-day, on several occasions that

I put in the 1 per cent. instead of leaving a blank, simply in order that the principle of co-operation might be discussed. I mentioned that one-half per cent. might do if this measure were thought proper. I do not waste the time of the Conference on merely abstract resolutions. But it does appear to me, as Mr. Moor very well put it, that we are likely to separate without having come to practical conclusions. I thought it was wise, and have not altered my opinion that it was necessary to submit some broad proposition in order that we might learn from the members of the Government of the United Kingdom, whether they had in their minds any scheme for Imperial action at all, or for an Imperial fund other than the separate schemes which may be proposed from time to time for a steamship service, or a cable service, or anything of that character. I have not been able to elicit even that. On the contrary, I have been met with the usual opposition criticism which we hear so often in Parliament upon a proposition of this sort, when the object is to hurry it conveniently out of the way. I do not object to that. I am sufficiently accustomed to it. But I also appreciate its motives. If the representatives of the Government here had really in their minds any scheme at all, this would have been the time when they could have triumphantly produced it and explained it. I do not mean that they would have brought down details—but they ought to have submitted a plan showing us some possibility of an advance upon our present casual disunited methods of combining for particular purposes here and there. That imperfect method exists and will exist. We do not lose it because we consider whether it cannot be improved upon. My object was to insist upon the need for improvement and only to suggest one means for its improvement. I was not taking a course foreign to the purpose of this Conference, but strictly in line with it. We have not succeeded in getting consideration for preferential trade. I wanted to know if we could not get consideration for something else which did not involve the fiscal principle at all—some method of union for united action. This proposition may be as faulty as you please. I drew it in terms sufficiently loose on purpose. It has at least made our position here quite plain.

Sir JOSEPH WARD: May I suggest altering the last part and leaving the first part out, in order to try to get a decision in only a general way to the effect that this Conference recommend the Legislatures affected with the general purpose of fostering the industrial forces of the Empire so as to promote its growth and unity to provide contributions with that object. If you move something like that, and leave it to us to put amounts on our respective Estimates for the consideration of our Parliaments, we are all right.

Mr. DEAKIN: I think there is a good deal to be said for what you propose.

Sir JOSEPH WARD: I do not want to propose it.

Mr. DEAKIN: I quite understand. But I am not complaining in the least degree of any criticism that applies. I only say the attitude of Ministers shows they have not made up their minds on this question at all. They simply say: "Bring forward a particular proposal and we will look at it." We knew that before. That is a very admirable attitude, the purely negative attitude they always have taken and always will take, and the attitude other ministers in the same quandary always will take—I am not finding fault with that. I have asked, "Can we do anything more?" The answer is, "We cannot do anything more."

Mr. LLOYD GEORGE: I never said anything of the sort. To bring forward a proposal which will involve our contribution of 4½ millions as against your 100,000*l.*, with no scheme, no plan of spending, not a glimmer

of an idea what the money is to go to but simply saying, "We are to pool it, "and until we can find something to spend it on, let it roll up"—if that is a scheme for a great commercial Empire, I think it is a scheme *pour rire*, if I may say so. It is not as if there was a definite plan, which is exactly what Mr. Asquith has asked for and very properly asked for. He said he was prepared to recommend the Treasury to find money. I go beyond that and say I am perfectly willing for my part, after consultation with the Chairman and my colleagues, to subscribe to the suggestion made by Sir Joseph Ward, and I go further than that and say we shall be in favour of some systematic consultation between the representatives of the Empire as to the best means for promoting the objects you have in view. We must have a plan before we spend money. We are spending enormous sums of money in the Empire now, and we really want to know upon what we are going to spend these further sums. We must not, first of all, resolve to spend, and then go fishing for a scheme somewhere from here to Australia. Let us, first of all, find our plan. I would not mind altering Mr. Deakin's resolution in some way just to show our *bona fides*.

Mr. DEAKIN: You are now saying more than you did before.

Mr. LLOYD GEORGE: Really, it was very difficult in language that would pass the chair to express my view of this 4,500,000*l*. against the 600,000*l*.

Mr. DEAKIN: It was, if I may so, because you could not have listened to my proposal. I did not dwell on the 4,500,000*l*. I said over and over again that we can substitute anything—half per cent. or anything else. It was insisted from the first that the amount named was adopted as a mere convenience.

Mr. LLOYD GEORGE: It is the very thing we have to dwell upon.

Mr. DEAKIN: Certainly, when it is actually proposed, but at this stage it is a proper thing to notice and pass by, until the principle has been settled, and detail is taken in hand.

Mr. LLOYD GEORGE: Imperial defence is costing us something like 60,000,000*l*. at the present moment.

Mr. DEAKIN: In moving this motion, I said over and over again: "As regards this particular amount, I have taken it because I find it suggested "in a scheme submitted by Sir George Sydenham Clarke." I said expressly I do not attach any special importance to that particular proportion. You are perfectly justified in saying all you did, to the effect that this particular amount will not do, and thus dismissing it; I am not in any way concerned because that is not the cardinal point.

Mr. LLOYD GEORGE: The cardinal point is not to raise the revenue first and find a plan afterwards.

Mr. DEAKIN: That is quite another issue; you are giving us help now. You are beginning to meet my proposal. Now you state you are prepared to accept a regular and systematic discussion of business proposals.

Mr. LLOYD GEORGE: Systematic consultation—stronger still.

Mr. DEAKIN: In saying that, you are coming to a positive proposal, which is just what I want. You may tear my resolution to rags and do what you please with its proportions and details if you accept the principle of united action in some definite shape.

Mr. LLOYD GEORGE: I would suggest the following resolution: "This Conference recommends that in order to develop trade, commerce,

"the means of communication, and those of transport within the Empire, "it is desirable that some means should be devised for systematic consultation "between the members of various parts of the Empire for the purpose of "considering co-operative projects for the general purpose of fostering the "industrial forces of the Empire, so as to promote its growth and unity." These ends have to be considered by expert business men, and afterwards we shall come in to find the means.

Mr. DEAKIN: That is a most distinct advance. It may not come immediately to anything because it is only a general provision, but I quite feel that it is not fair to press the President of the Board of Trade for anything expressed in pounds, shillings, and pence until definite schemes are propounded.

Mr. LLOYD GEORGE: You have no schemes. Schemes would have to be considered very carefully. So far as I am concerned, I have been seeing a good many shipowners, and I have realised what great practical difficulties there are which must be overcome, and you could not formulate a scheme in the course of the few days that are at our disposal now. It would take a considerable time for consultation with all classes of people interested in our oversea trade.

Mr. DEAKIN: I entirely agree. Be sure that there will be no sparsity of projects; we are full of them. People are continually making proposals for improvement of communications, and one thing and another.

Mr. LLOYD GEORGE: One thing you have to do is to persuade Australia to make a harbour where ships of a certain size can go in. Your depth of water is only 28 feet draught. These huge ships will not enter. That is one point a large shipowner has put to me, and I said, "That is not for us; it is for Australia."

Mr. DEAKIN: You are quite right. It is for us. Speaking from memory he is a little out of date. They are blasting in Port Phillip, and have been for the last 12 months, rocks to a depth of 30 feet—I think 32 to 35 feet in the entrance to Melbourne. In Sydney harbour, as I understand, the entrance is deep enough already.

Mr. LLOYD GEORGE: But you cannot get alongside with a ship over 28 feet.

CHAIRMAN: We need not have particulars.

Mr. LLOYD GEORGE: I only give it as an illustration.

Mr. DEAKIN: I have no possible objection to any detailed criticism of any possibilities, except to say that I did not put any proposal forward of this vague character. But my suggestions are now being met in the light I think they ought to have been met at first. It is excellent to provide for expert consultation periodically. The only thing is, cannot we go further before we part? I do not know whether a question of this sort will come before the new secretariat or whatever it is, or go to the Board of Trade. Are matters of practical business, propositions which are made from either one part or the other of the Empire, to go through the secretariat or to the Board of Trade or to whom?

CHAIRMAN: May I say that I undertook at the beginning of this Conference to endeavour to organise a secretariat? I have not had time since the Conference met, and I think you must really leave me some scope.

Mr. DEAKIN: This is not a question of organisation.

CHAIRMAN: It is really a question of organisation as to what part of the business is to come through this secretariat in this office, or what part may go through the Board of Trade. I have undertaken the organisation of the secretariat.

Mr. DEAKIN: I do not think that is an answer.

Mr. WINSTON CHURCHILL: Has not this Resolution now proposed already been passed by the Conference on the day we discussed the organisation of the Conference—to have conferences on matters of common interest every four years, and subsidiary conferences held as often as necessary between any parties interested in inter-Imperial or inter-Colonial questions? In what way does this Resolution advance upon any proposal which the Conference has already decided?

Sir WILFRID LAURIER: I would not press your motion to-day, but have something more concrete than that. With regard to the motion made by Mr. Deakin with all due respect to the earnestness with which he has pressed it, it seems to me an absolute departure from constitutional government. If there is anything which is true in constitutional British Government it is this that you do not provide money in advance for anything. Your proposal is to create a general fund and then you find how you are to apply it afterwards. If there is an object to be served, or work to be done, or something of the kind which requires money, then we find the money; but your scheme proposes that we should find the money in advance. That seems to me an absolute departure from constitutional government. Where can you find a precedent for it? Where is it consistent? Call it a duty or a tax, after all it is money taken out of the people's pocket, and you do it for a vague indefinite object. That is absolutely contrary to constitutional government. If there is anything true, it is that you do not take money from the people except for a special object, and I object to your motion on this ground. I am not quite satisfied with the motion of Mr. Lloyd George as it is very indeterminate, and commits us to nothing. I hope before we separate we can find an actual scheme on which we can ask the contribution of the British Government, and all or some of the Governments here represented—some big scheme of communication amongst ourselves. This is what you have in mind, yourself, Mr. Deakin. Therefore, I think you should not propose the motion to-day.

Mr. DEAKIN: I take the proposed resolution of the President of the Board of Trade as being drafted with the idea that instead of allowing this matter to drop we should pass something and show that something progressive is really intended. I quite agree that was the motive, and appreciate it; but at the same time it is open to the criticism which I myself was leading up to, that such a plan involves consideration of the secretariat and the nature of the secretariat, and of subsidiary Conferences. Consequently I do not press for passing a resolution at all. What I want to get if I can before we leave, is a decision of this Conference on the question: Is it not possible to do something more in the future than we have ever done, in the way of providing for practical business-like proposals making for Imperial co-operation and unity of action being dealt with in a business-like way? Mr. Lloyd George says very properly that, according to his revision of my resolution, what may be termed a special meeting or subsidiary Conference of experts will enable us to deal with them. That is quite true and helpful. Is that the furthest limit to which we can go? So far from thinking myself the person specially endowed with ideas on this subject, I broached it in order to obtain the assistance of others, in the expectation that they would provide out of their

greater experience more than I am able to suggest at the present time. I am tied to nothing. Let us do something definite so that when we leave the Conference, we can say with some confidence: "We have not done the things "we wanted, but we have at least made the way easier in future for any "of those practical projects to be dealt with immediately without the delay "which now invariably accompanies the correspondence in making even "an approach to joint action by our governments."

Mr. WINSTON CHURCHILL: How is not that met by the fourth clause of the instrument governing the Imperial Conference, which provides that upon subjects which cannot be conveniently postponed a new Conference of representatives shall be held between Governments concerned. Does not that cover it?

Mr. DEAKIN: It could cover it, but has not been expressly held to apply before.

CHAIRMAN: That is the intention of it.

Mr. DEAKIN: That is the intention. It leaves them irregular, and not as I wished regular and constantly in operation. Your statement shows you are prepared to adopt something.

Mr. LLOYD GEORGE: And there is the readiness of the Imperial Government to put it into black and white. Is it not advantageous to have what Mr. Churchill has just said applied to this particular subject? That is the use of the particular resolution which I proposed.

Mr. WINSTON CHURCHILL: That is putting it in black and white twice over.

Mr. DEAKIN: No, the first is a general resolution.

Mr. LLOYD GEORGE: Yes, about the organisation of this subsidiary Conference. This is simply a suggestion that this would be a proper subject to be dealt with at the subsidiary Conference.

Mr. DEAKIN: The President of the Board of Trade pointed out what he was doing in reference to commercial intelligence within the Empire, and the new efforts he is going to make to extend the system. That seems on right lines, and admirable. Now we have attention called to the fact that the machinery of subsidiary Conferences is to be applied in the same direction; that is excellent, too. But I want this thing not to be talked out here, but defined and understood. When we return and are asked what we have done with regard to practical co-operation among our governments in the future, we can only point to the Consular Service within the Empire as well as without it, with a provision for subsidiary Conferences. I thought subsidiary Conferences on these practical matters was always possible. I want to add to that. Let us make our collection of scalps as numerous as we can, showing we have met these difficulties, and disposed of them.

Mr. LLOYD GEORGE: I understand that Sir Wilfrid Laurier proposes before the Conference separates to propose a practical scheme.

Sir WILFRID LAURIER: I hope so.

Mr. LLOYD GEORGE: I hope you will let us have it in time to give it proper consideration.

Dr. JAMESON: That is no reason why we should not pass this general resolution.

Sir WILFRID LAURIER: I desire to let it stand over until we have something more.

CHAIRMAN: For the Minutes of to-day we record that Mr. Deakin submitted this resolution, and Mr. Lloyd George submitted his.

Mr. DEAKIN: Please understand that if this resolution of mine were rejected by every individual member of the Conference, I should deplore our divergencies, but it would not in any way depress me. I should take the benefit of all the criticism, not regretting that I had brought the matter forward. My faith is that it is better to make a mistake attempting to frame a practical proposal than to do nothing at all. If this was a mistake, and I am satisfied it was not, I have at least succeeded in bringing the question right home. We are not here to score verbal victories by carrying resolutions, or to feel defeated if we do not carry them, but we are here to make some advance by the frank discussion of these Imperial possibilities. I am obliged to the Minister for getting beyond the accidents of my proposal to its essence at the close.

UNIVERSAL PENNY POSTAGE.

CHAIRMAN: Mr. Buxton also has business which calls him away, and as this Post Office subject will not take very long, I think we might take the subject of universal penny postage before we take Imperial cable communication.

Sir JOSEPH WARD: Lord Elgin and gentlemen, In the motion as it stands upon the Agenda, I propose, after consultation with the Postmaster-General, to make a variation which he has agreed to accept, and it will fully meet what I want to place before the Conference to have a resolution upon, and I think it will bring about unanimity. I propose to substitute this: "That "in view of the social and political advantages, and the material commercial "advantages to accrue from a system of international penny postage, "this Conference recommends to His Majesty's Government the advisability, "if and when a suitable opportunity occurs, of approaching the Governments "of other States, members of the Universal Postal Union, in order to obtain "further reductions of postage rates, with a view to a more general and, if "possible, a universal adoption of the penny rate." What animates me, in asking this Conference to give effect to a proposition of this kind, is a desire to see penny postage universally established as soon as possible, and to get over the incongruity of being able to send a letter from England to New Zealand, or from New Zealand to England for a penny, and having to pay 2½*d.* to send that letter some 20 miles across the English Channel. Anything assisting to ripen public judgment on an important matter of this character, world-wide in its operation, in that respect is a good thing. As the Postmaster-General has agreed to it in this altered form, I hope it may commend itself to the Conference. I move the resolution.

Mr. BUXTON: Lord Elgin and gentlemen, I have, on behalf of the Government, to accept the resolution, in the words Sir Joseph Ward has been good enough to adopt. Only I feel bound to say in regard to it that this resolution must be taken as an indication of policy, and that it leaves the fullest possible freedom to the British Government to judge as to the time and the opportunity and especially as to the question of the funds at their disposal, with regard to how far, and at what moment, and to what extent they can carry out the policy of further Postal reforms with reference to foreign countries or the Colonies, and in the matter of the adoption of universal penny postage. I am afraid I can give no promise of any likelihood that we shall be able to consider the matter at a very early date, because the Post Office revenue from which this would have to come, is not in a very

elastic condition at the present moment, and the various claims upon our finances are considerable just now. I am afraid it must be understood in our accepting this resolution that we do it as an indication of policy more than any promise to carry it out at any early date. The whole matter is really one of finance. We should desire to do this at any moment we may have the funds; but I should like to point out to Sir Joseph Ward and the Conference that the adoption of this proposal would mean a very considerable charge on Imperial funds. We have made certain postal improvements, as Sir Joseph knows, under the Postal Union—changes which come into force on 1st October next and which will cost us about 190,000*l.* a year. The adoption of universal penny postage would mean an addition to that of about 450,000*l.*, so that this resolution in its entirety would involve a charge of something like 650,000*l.* a year, which is, of course, a very serious sum. I am afraid we could not look with any hope, within, at all events, a number of years, of making up that loss by increased facilities leading to increased commerce, because in reducing it to a penny post, the margin of profit is almost infinitesimal on each item. I am glad to think that at the Conference of the Postal Union, at which Sir Joseph Ward was a representative, a very considerable step was made in advance in regard to foreign postage, at the instigation of the British delegates, supported by the Colonial delegates, under which, after the 1st October next, the charge for foreign postage will remain, unfortunately, still at 2½*d.*, but that will frank a letter not of half an ounce as previously, but of a full ounce, and the second charge for two ounces will be only 4½*d.* So that the upshot of the matter will be this, that under the new regulations which have cost this country about 200,000*l.* a year, in future a letter weighing an ounce, which before was 5*d.*, will go for 2½*d.*; a two-ounce letter, which before would have cost 10*d.* will now go for 4½*d.* I think the Conference will admit that is a considerable step in advance in improving postal regulations with foreign countries. I do not know whether Sir Joseph has quite enough taken this point into account. As he will know as a delegate at that Postal Union the other great countries interested were by no means anxious to adopt penny postage; indeed, it was with great difficulty they were induced to adopt these changes which I have mentioned. Therefore, I am afraid even if we were ourselves prepared, and had the funds at disposal at the present moment, to suggest a penny postage to the other countries it would not at present be received with much favour. But I will say it is a matter with which the Chancellor of the Exchequer, as well as myself, have expressed sympathy, which, if and when the funds permit we shall certainly desire to adopt, taking into account this fact that in regard to all postal reforms they unfortunately cost money, and we have to look round when Post Office funds are available to see what, on the whole is the best investment for that service. This would, therefore, have to take its opportunity with other matters in competition, many of which are pressed upon us from time to time. I entirely agree with Sir Joseph Ward that it is a matter of great importance and one which I, for one, would like to see adopted at some early date.

There is just one point in connection with it which I might mention with regard to Imperial Penny Post, and that is that that also is benefited by the Postal Union Convention, to which I have referred. Up to now, under the Imperial Penny Postage, a letter of half-an-ounce went for a penny, but after the 1st October next a letter of a whole ounce will go for a penny; so practically what used to cost 2*d.* under the Imperial Penny Postage will only in future cost a penny.

I venture to suggest to Mr. Deakin when we are talking of inter-communication between various parts of the Empire, and subsidies, and so on, whether the time has not come that Australia also should fall completely into accord with the rest of the Empire in regard to this matter.

Mr. DEAKIN : We brought in a Bill last year.

Mr. BUXTON : But I understood it was withdrawn.

Mr. DEAKIN : It was defeated and withdrawn.

Mr. BUXTON : Then I suggest to Mr. Deakin that he should endeavour to educate Australia. As we are all agreed, the penny postage is of the greatest possible advantage, and Australia should no longer stand out from the agreement and the arrangement which was come to all over the rest of the Empire.

One point, perhaps Sir Joseph will allow me to make in regard to this matter. The chief object, as I understand, or the chief results, at all events, of this Conference is that there is a general desire, on both sides, on the part of the Home Government, and on the part of the various Colonial Governments to meet one another in regard to improved inter-communication from the point of view of Empire, and from the point of view of commerce. After all, this Imperial Penny Postage which exists at present is a very considerable link between the various parts of the Empire. I am not altogether sure, seeing that has only been in effective force for a few years, whether on the whole—looking at it from an Imperial and Colonial point of view—it is not a little premature to press for the other step. Would it not be better to see first if it is likely to facilitate the communication between the various parts of the Empire before we extend its benefits at considerable expense to ourselves —between ourselves and other countries. I throw that out not as hostile to the spirit of this resolution, but as a point which under the peculiar circumstances of the discussions which have occurred here might well be borne in mind.

May I add, in connection with questions of postal facilities and communication that we are now introducing, and are going to suggest to the various Colonies the introduction of the cash on delivery system as between the Colonies and Great Britain. The Imperial Postal Order has now, I am glad to say, been adopted by every Colony with the exception of Canada and of Australia at the present moment ; but I am in communication with the Postmaster-General of both the Dominion and of the Commonwealth, and I hope they may be able to fall in with a system, which, as regards other parts of the Empire, is found to be of the greatest possible advantage in enabling small purchases between the Colonies themselves and between the Colonies and Great Britain.

I thought I had better, perhaps, make these general observations, and again express my sympathy with the views of Sir Joseph Ward, and say that when, and if opportunity occurs, it is a matter which we certainly have at heart, and hope at some time or other to be able to accomplish.

Mr. DEAKIN : It is part of the policy of the Government to introduce penny post, but the circumstances in Australia, like the circumstances in some of the other great Dominions, are not taken into account when the refusal of a majority of its Legislature to make that concession is considered. Owing to the sparsely settled nature of our interior, there are places in which it costs us several shillings for the delivery of every letter. We provide what I think, having regard to the different distances to be covered, are remarkable instances of Post Office enterprise. Wherever there are a few tents we manage to make arrangements for a postal service. Many of these are maintained at great cost. The consequence is that while if we were confined to an area such as that of the United Kingdom universal penny postage would be voted immediately—and in fact there is penny postage within several States—we have never been able to get the assent of the Legislature yet to

an Imperial proposition. They fear that it would mean if not a curtailment of any of the existing services which I have referred to, a greater hesitancy in granting them to fresh settlements. They look with some jealousy on any proposal for diminishing the Post Office funds since our constant onward movement means a constant opening of new offices and the making of fresh arrangements at considerable expense. However, that is part of our policy. We are endeavouring to carry our measure, and another effort will be made in that regard. At the same time it is only fair that the Postmaster-General should recognise the very exceptional circumstances under which our work is carried on. Under these circumstances when we have not yet arrived at penny postage within the Empire itself, it does look a little previous, as the Americans would say, to be asking it from other countries.

Sir JOSEPH WARD: One word upon this matter from the point of view so fully represented, which I appreciate to the greatest possible extent, by the British Postmaster-General. In submitting this resolution, it is not with the object of pressing at any undue period upon any portion of the Empire, Great Britain or elsewhere, the bringing into operation of this system, but it is if possible to impress upon, not the distinctly advanced British Post Office, who have done all in their power up-to-date, and done most valuable work, but upon other countries as well as Great Britain, the importance of having universal penny postage through the world. I am glad to have submitted this resolution, if only for the purpose of hearing the statements made by Mr. Buxton as to what has been done by the British Post Office already, and I take the opportunity of saying, as the New Zealand delegate at the Postal Conference, that the representatives of Great Britain there, not only did most valuable work, but were a distinct credit, not only to the postal service of Great Britain, but to the Empire as a whole. I want to place on record my testimony to the splendid way in which the President of that Postal Union, Mr. Babington Smith, carried out most difficult and important work there. I may say that the British delegates remained neutral when this Universal Penny Postage proposition was put before that Conference. We have done all in New Zealand that the Postal Union required to be done. We have the penny rate for 4 ounces throughout our country on letters; we have cheapness and efficiency in both our postal and telegraph services in every way possible. I want to take the advantage of saying how important it is to have within the Empire uniformity both as to charges and system. Australia is a case in point. There against Mr. Deakin's own representations and those of his capable Postmaster-General, Mr. Austin Chapman, Parliament decided on the grounds of loss of revenue, not to go for universal penny postage. Our experience in New Zealand—and it was the experience of Canada, I know also; the then Postmaster-General told me so himself—is that the effect of our coming right down to a penny rate was we recovered our revenue in a very limited period, very much less than the permanent officials contemplated, namely, under three years. The aspect put by Mr. Deakin as one of the reasons Australia has voted against it was to avoid increased mail services. In New Zealand the adoption of it was the cause of our very nearly doubling the facilities for carrying mails to the different portions of our country owing to the increased business that accrued. I sincerely hope that the time will arrive when Mr. Buxton, who is not only sympathetic towards this resolution, but, I am sure, anxious, will be able to do it. Some morning we will find that America and Germany have entered into a subsidiary agreement for a penny postage between themselves, or America and France, or some other great countries. When that is done the whole world must soon follow. My opinion is Britain ought to be ahead, as it always has been ahead. We should not look upon the Post Office as a great taxing machine for general revenue, but regard

it as it is, as a great means for the distribution of the written opinions and communications of people to one another in all parts of the world, and that by the cheapening of the postal rates we are helping them to promote business and to bring into every-day life a better and closer knowledge of all parts of the world.

I can only thank Mr. Buxton for giving my proposal his support. I thoroughly understand the reservations he has made, which from his point of view are quite essential.

(Sir Joseph Ward.)

CHAIRMAN: Then this resolution may be declared adopted.

The resolution was carried.

Resolution XVII., p. ix.

IMPERIAL CABLE COMMUNICATION.

CHAIRMAN: This is a resolution of Cape Colony. I understand there has been an agreement upon this point.

Mr. BUXTON: We are willing to accept the motion.

Dr. SMARTT: That is what I understand. Therefore the only thing to do is to formally move it: "In the opinion of this Conference the provision "of alternative routes of cable communication is desirable; but in deciding "upon such routes, the question of the strategic advantage should receive "the fullest consideration; (2) That landing licences should not operate for "a longer period than 20 years, and that when subsidies are agreed to be "paid they should be arranged on the 'standard revenue' principle, *i.e.*, half "the receipts after a fixed gross revenue has been earned to be utilised for "the extinguishment of the subsidy, and, by a agreement, for the reduction "of rates." I believe that was done in the last agreement Cape Colony made.

Mr. BUXTON: Yes. I do not think I need say anything upon it. This is the general policy which we have carried out here in the Post Office here and we are entirely in accord with the resolutions, both No. 1 and 2.

CHAIRMAN: Then this resolution will be adopted?

Sir JOSEPH WARD: Yes, I most cordially support it.

Sir WILFRID LAURIER: I have no objection at all.

The resolution was carried.

Resolution XVIII., p. ix.

NATURALIZATION.

CHAIRMAN: We next have the question of naturalization, on which we have already heard the Home Secretary. Sir Wilfrid Laurier asked that this should be adjourned to express your views upon the subject.

Mr. GLADSTONE: I have prepared a draft resolution.

Sir WILFRID LAURIER: I think there is no objection to that. As far as I am concerned, I quite agree to that.

CHAIRMAN: Perhaps I had better remind the Conference that the draft resolution submitted was: "That with a view to attain uniformity, so "far as practicable, an inquiry should be held to consider further the "question of naturalization, and in particular to consider how far, and under "what conditions, naturalization in one part of His Majesty's Dominions "should be effective in other parts of those Dominions, a subsidiary Conference "to be held, if necessary, under the terms of the resolution adopted by this "Conference on the 20th of April last."

General BOTHA: I have a memorandum on naturalization which I should like to read and hand in, though I quite agree with that resolution.

Dr. SMARTT: If that is read, I think that will allow us to come to some conclusion now.

CHAIRMAN: Would you hand it in?

Dr. SMARTT: It affects the discussion considerably, I think.

Sir WILFRID LAURIER: My colleague, Mr. Brodeur, has something to say on this subject. It will perhaps fit in at this moment.

Mr. BRODEUR: Lord Elgin and gentlemen, I have only one or two observations to make with regard to this resolution moved on the question of naturalization. I may say we have passed in Canada this year a Bill on the question of naturalization to this effect. I may perhaps read the most important part of the Bill, which provides: "Any person resident in Canada, "or in the service of the Government of Canada, or of any province of "Canada, who has obtained a certificate or letters of naturalization in the "United Kingdom, or in any part thereof, or in any British Colony or "Possession, which certificate or letters remain or remains in full force and "effect, and who desires to be naturalized in Canada may, if he intends when "naturalized either to reside in Canada or to serve under the Government of "Canada or the Government of any such province, apply for a certificate of "naturalization in manner hereinafter prescribed, without having complied "with the condition as to residence required under section 13 of the "Naturalization Act, chapter 77 of the revised statutes, 1906." Our Act really provides that a person who has resided in Canada for three years may obtain letters of naturalization, giving certificates as to his character, and as to his residence. He has to apply to the Courts, and the Courts decide whether under the statute he is entitled to be naturalized. We passed in the session which has just closed the clause which I have just read, by which in the future a man to be naturalized who has got already a letter of naturalization from any British Colonies, will be entitled to come before the Courts and to have his certificate of naturalization in Canada, so to a general extent we are accepting the certificate of naturalization which has been given by the other British Colonies.

I do not know whether it is advisable or not that we should discuss the Bill which is proposed to be introduced into the House of Commons here, but I think that Section 7 is going a little further than I, for my part, would be willing it should go, because there it is declared that when a certificate of naturalization has been given here it is to be accepted by the Colonies themselves. I think it would be just as well to leave this question entirely in the hands of the Colonies. It will be advisable perhaps to have a general law, as we are having in Canada, but at the same time giving to the Colonies the

right to legislate and do what they like. I am afraid this clause will have the effect of preventing the Colonies from legislating on the question. That is the only objection I see to the Bill which is going to be introduced.

Mr. DEAKIN: Generally the Bill appears to us to be a good one, and would certainly be of assistance in clearing up ambiguities which at present exist in the law. One point I may mention without entering into detail is that if clause 12 were assimilated to clause 8, so that it might be acted upon without assigning any reason, that would be of advantage.

The naturalization question has few difficulties in Australia, except in regard to the admission of coloured races, and particularly coloured aliens. It is due to that apprehension that we have been and shall continue to be vigilant in guarding a possible use of this Bill. As, however, it does not appear in any way to impair the scope of our Immigration Acts, under which the education test is applied at discretion, this particular measure is not open to the objection that it weakens the force of those statutes. Under these circumstances we look forward with some expectancy to the passing of the Bill as likely to be of value to ourselves as well as to other Colonies.

General BOTHA: I will ask for my memorandum to be read now.

The memorandum was read as follows:—

"(1.) It is desired that an alien naturalized in any portion of His Majesty's Dominions should have to all intents and purposes, as from the date of his naturalization, the status of a natural born British subject not only within the ambit of the law under which letters of naturalization are issued to him, but everywhere, except when the naturalized person is actually within the country of which, at the time of naturalization he was, and of which he still remains a subject.

"(2.) In order to carry out this object a Bill has been drafted under the instructions of the Secretary of State for the Colonies consolidating and amending the enactments of the Imperial Parliament relating to aliens and naturalization. A copy of this Bill is included among the papers on the subject of naturalization sent to each of the Colonial Premiers.

"(3.) The proceedure laid down in section 26 of that Bill for conferring on an alien naturalized in a British possession outside the United Kingdom the status of a British subject everywhere, is not satisfactory.

"(4.) It has been suggested that the Imperial Act relating to the naturalization of aliens should be so amended as to apply to every portion of His Majesty's Dominions. The objection to this suggestion is that it is not desirable that legislation should be imposed on a self-governing Colony except by the Parliament of such Colony.

"(5.) The difficulty can be overcome by providing in the Imperial Act that so much of it as relates to the naturalization of aliens, their status when naturalized, as also the status of their wives and children may be put in force *mutatis mutandis* in any portion of His Majesty's Dominions, by a proclamation of the Governor thereof. In a self-governing Colony such proclamation would only be issued by the Governor on the advice of the responsible Ministers of such Colony. The clauses of the draft Bill which would be put in force under the proclamation would be sections 7 to 17 inclusive, section 18 (with the exception of subsections (2), (3), and (8)) and sections 20, 21, 24, and 25.

"(6.) The Imperial Act must provide that the proclamation aforementioned shall name the authority to whom application shall be made for certificates of naturalization, and by whom they shall be issued, and that the powers and duties conferred under the Act on the Secretary of State shall be exercised by the said authority. It should also provide that a certificate of naturalization issued by such authority shall have effect, to all intents and purposes, as if it were a certificate granted by the Secretary of State, under the Imperial Act.

"(7.) The following provisions in the draft Bill should, however, be amended before it can be accepted by some of the self-governing Colonies:—

"(A.) The Bill, as drafted, applies to aliens of non-European descent equally with those of European birth or descent. In some of the self-governing Colonies (Natal for example) local naturalization is granted only to Europeans, and it is unlikely, therefore that any such Colony will agree to recognise as a British subject any coloured person coming to reside therein, who has been naturalized in some other portion of His Majesty's Dominions where no colour distinction is made. On the other hand, the Imperial Parliament may strongly object to making any such distinction in any naturalization law submitted to it, especially seeing that no such distinction is made in the present Imperial Act of 1870, under which it may be urged that a person naturalized within the United Kingdom is a British subject in whatever part of His Majesty's Dominions he may take up his residence. This difficulty may be overcome by providing that a certificate of naturalization granted in any Colony in which the Imperial Act has been put in force in manner prescribed in the last preceding subsection shall have effect beyond the borders of such Colony only when granted to a person of European birth or descent. By such a provision one Colony would not be bound to admit as British subjects persons of non-European descent naturalized in some other Colony under the provisions of the Imperial Act put in force in such other Colony as prescribed in the last preceding subsection. Notwithstanding such a provision, a coloured person naturalized in the United Kingdom could be a British subject in whatever part of His Majesty's Dominions he may take up his residence. It is difficult to see how this can be avoided in view of the fact that such is the position under the present Imperial Act, which has been operative since 1870. In section 9 of the Draft Bill, the words 'except as otherwise provided by law' shall be inserted after the word 'shall' in the first line of that clause 30, so as to make it quite clear that a coloured person, naturalized in England, although a British subject everywhere, would, on taking up his residence in any Colony, be subject to the same political and other disabilities as are imposed by the law of that colony on coloured persons, even though they may be British subjects.

"(B) Section 7 of the Draft Bill provides as a condition precedent to the issue of certificates of naturalization that the applicant for them should have, within a certain limited time, resided in his Majesty's Dominions for a period of not less than five years. It would be better to insist that for one of those years, namely, for the twelve months immediately preceding his application, he should have resided within that portion of his Majesty's Dominions in which his application is made. This would give the authority in whom is vested the discretion of issuing certificates of naturalization, a better opportunity of exercising

his discretion so as to avoid, as far as possible, undesirable aliens from being naturalised.

"(C) Under the Draft Bill an absolute discretion to issue certificates of naturalization is given to the Secretary of State. It ought, however, to be made imperative that a certificate shall not be issue to a person who has been convicted of an offence for which a sentence of imprisonment has been passed without the option of a fine until he has received a free pardon, or until a period of five years has elapsed between the date of such conviction and the application for a certificate of naturalization. Provision is made in the draft Bill for cancelling certificates of naturalization obtained by false representation or fraud. If an applicant, therefore, who has been convicted of any such offence as aforesaid, conceals such conviction in making his application for a certificate of naturalization, he runs the risk of having that certificate cancelled.

"(D) The draft Bill further provides that an applicant who applies for Letters of Naturalization must intend when naturalized to reside in His Majesty's Dominions. It would be better, if such intention is to be of any value at all, to limit future residence to the portion of His Majesty's Dominions in which the application is made. There may be evidence available to show that a person applying for a certificate of naturalization in New Zealand, say, does not intend to reside there; it would be hopeless to expect to get evidence that he does not intend to reside in some portion or other of His Majesty's Dominions.

"(E) Clause 28 (A) of the Draft Bill provides that any person born in His Majesty's Dominions shall be deemed to be a natural born British subject. It is suggested that an exception should be made in the case of a person born in His Majesty's Dominions, but whose father was at the date of his birth an alien indentured labourer of non-European descent."

Mr. GLADSTONE: Lord Elgin and gentlemen, may I observe that the memorandum which has just been read raises a number of points, but I think that a good many of them are dealt with in the statement which I made on the last occasion when this subject was under discussion. For example, with regard to criminals, I pointed out the practice which we adopt in this country with regard to the granting of certificates, and said that it would be quite easy to put into a Bill what, in effect, is our practice at the present time. On that point, I think it would entirely meet the case put forward under (C). I am not going through all the many points raised, but there is some misapprehension in parts of the memorandum as to the intention and meaning of the Bill. For instance, under (D) in the memorandum which has just been read, there is this: "if such intention is to be of any value at all, "to limit future residence to the portion of His Majesty's Dominions in which "the application is made." But that would defeat the very object of the proposal, because if a person in England, meaning to go to one of the Colonies, and perhaps not able to go for a month or a year, desires to have a certificate of naturalization, of course he cannot under the present law get that certificate of naturalization because he does not intend to reside in the United Kingdom. That is the condition of the law under which he would get his certificate. We desire to remove that restriction. We think the fact that a man who is in England now, not having a certificate, who desires to go to a Colony ought not to be debarred from getting a certificate by the mere reason that he desires to go to a Colony rather than

stay for the necessary five years in this country. Those are details which, I suggest, could best be dealt with in the subsequent inquiry which is proposed in the resolution read by Lord Elgin.

In paragraph (4), which has been read, it is stated: "It has been "suggested that the Imperial Act relating to the naturalization of aliens should "be so amended as to apply to every portion of His Majesty's Dominions "The objection to this suggestion is that it is not desirable that legislation "should be imposed on a self-governing Colony except by the Parliament of "such Colony." Our object is to have a general law for the whole Empire as far as is possible. May I remind the Conference that a phrase I used in making my statement runs thus, showing at any rate what is our wish and intention: "Our chief desire is to make the Imperial law as comprehensive "and acceptable to the Empire as possible, and we seek in short, willing "agreement on a basis which will not interfere with local interests, and "legitimate desires of all the individual Colonial Governments which are "concerned in this question." In another place I said we desired the Bill to include as much common ground as possible to meet the general convenience of all parts of the Empire. This suggestion now made is rather an argument against any Bill at all. If that is so, we should be rather wasting time in this Conference. But I suggest that though this is a very important matter, it is in the nature of a detail, though a very important detail, on which, perhaps, the whole Bill would depend, and I think it could be met by discussion so that the view which I expressed and have quoted could be carried into effect—that the local interests of a particular Colony could be considered and regarded in any Bill which was passed.

Sir WILLIAM LYNE: Was not there a suggestion that only certain parts should be applied to the Colony by proclamation?

Mr. GLADSTONE: By Order in Council.

Sir WILLIAM LYNE: That would do away with any trouble with regard to a general Bill.

Mr. GLADSTONE: Of course, conditions could be attached to an Order in Council so far as to meet General Botha's Memorandum.

General BOTHA: If you will read No. 5 you will find No. 5 provides how to overcome the difficulty in No. 4.

Sir JOSEPH WARD: May I be allowed to put the position of New Zealand so that Mr. Gladstone may have the situation in view all round. As far as New Zealand is concerned I want to make it clear, without offence to any other race in any respect whatever, that New Zealand is a white man's country, and intends to remain a white man's country; we intend to keep our country for white men by every effort in our power. If there is anything in this proposal and I am just afraid there is, that would bring about a position that in years to come some members of an alien coloured race who had resided in England for a period of upwards of five years, and had obtained a naturalization certificate would be entitled, if this Bill became of general application to the Colonies, to letters of naturalization of the Empire, which would entitle them to come into our Colony as naturalized subjects. Speaking for New Zealand we would strongly oppose it on national grounds peculiar to our local circumstances.

Mr. GLADSTONE: Could not you meet it with the immigration law?

Sir JOSEPH WARD: The immigration law there would come into conflict with the proposals under this Bill. Under our immigration laws in New Zealand, which I think our country would not relax, we insist upon certain examinations, and will not allow aliens who do not comply with the reasonable conditions that we require to come into our country. I want to be perfectly sure, speaking from a New Zealand standpoint, that in any legislation that is put upon the Statute Book in the hope of having law common to all as Mr. Gladstone said, we maintain the right of New Zealand to exercise to the fullest possible extent the control of an alien race that we might consider an undesirable acquisition to our community. I am not saying it offensively in any sense whatever to any other race, but the feeling that we should help our own race permeates the whole country. The school children in our schools are taught to regard New Zealand as a white man's country. We look upon it as a glorious portion of the British possessions, and we want to keep it so. We are advancing in many ways and are well circumstanced with a fine population throughout, and we want to avoid the mixing up and the contamination of the races both now and in the years to come by preserving it for white men to-day and not allowing any law, whether for the purpose of naturalization or for any other purpose to interfere with it. That is the fundamental and essential condition which I wish to see established in the interest of Great Britain just as well as of New Zealand.

With that reservation, as far as we are concerned, I should only be too glad to assist in the very laudable object Mr. Gladstone has in view of having uniformity of treatment, but I do hope in giving effect to that uniformity of treatment that in the main overriding law you will make provision that the right of a self-governing Colony cannot be overridden by saying we have assented to some principle which might be found in operation injurious to our people.

Mr. GLADSTONE: It would be our intention to meet the views you have expressed. I am not prepared at the present moment to say in what terms in the Bill it should be done. I think that is a matter for discussion. It will be of great value to me to have the views of the representatives of the different Colonies, so that we can consider subsequently having those views in black and white before us how best they can be met in the provisions in the Bill. The Bill itself, as explained last time, is only put forward as a basis for discussion. It is a draft Bill. There is no idea of at once introducing it into the House of Commons and discussing it there with all these particular matters put forward to-day by General Botha and others unsifted and practically unsettled. There is no idea of that sort. I think I can give an assurance that the views put forward generally to-day will be carefully considered before anything substantive and final is proposed formally. Probably the best plan, if this resolution which has been moved is accepted by the Conference, will be for us to consider, in the light of what has been said, what alteration in the draft Bill could be made in order to meet the views expressed and then to leave the fuller discussion to the subsidiary Conference which, I understand, could be held under the terms of the resolution adopted on the 20th April.

It is a very difficult matter, from the point of view of the law alone, and I should not care to attempt to offer suggestions or solutions of the various points raised straight away.

Dr. SMARTT: It is a very important question to get settled, if you can do so, somewhat on the lines suggested by you, because we have the greatest difficulty. For instance, in South Africa, I take it that an alien naturalized in one Colony, perhaps holding the very highest office, who,

after years and years goes into another Colony, finds that he has no privilege of British citizenship whatsoever. That is a very undesirable state of affairs. With regard to the people naturalized in Great Britain: they have an advantage, I take it, under your Act of 1870. If they go to any Colony they have all the rights and privileges of British citizenship. I am glad to understand, if I interpret your remarks aright, that you are prepared to consider what has been said by Sir Joseph Ward in that direction. There should be no difficulty in arriving at a common term, or common period, of naturalization which would be acceptable to all portions of the British Empire. It is a fact that, in Great Britain, you may naturalize an alien of non-European extraction, and if there would be any possibility of your modifying that clause in your Bill so as not to allow him, *ipso facto*, to claim the rights of British citizenship in British possessions, it would meet a great many of us to a very large extent. Then there would be a possibility of the Home Government introducing a Bill, fixing, say, upon a certain period of five years, and other terms to be agreed upon, and practically without special legislation in the other Colonies or Dominions, it would only be necessary to pass a resolution or a clause adopting the Home Act, which really would allow anybody naturalized in any portion of the British Empire, who was of European extraction, and had resided the specified period of time, *ipso facto* to have all the privileges of British citizenship in any part of the British Empire to which he went.

I might give you a very strong case indeed. We had in the Cape Colony a very notable alien in the person of the late Colonel Schermbrucker. He was naturalized as a British subject, and became a Minister of the Crown. To everybody it must appear as most undesirable that if, during his lifetime, he had gone, say, to the Colony of New Zealand, or to the Colony of Australia, he would have had to be re-naturalized, and could not have claimed the privilege of British citizenship. I believe such is the law as it exists at the present time. I should like to have Mr. Deakin's view upon the question of an alien, naturalized in Cape Colony (no matter how high a post he held in that Colony) if he went to Australia, and, being of alien birth, his British citizenship in the Colony of the Cape of Good Hope would not give him the privilege of British citizenship in the Commonwealth of Australia.

Mr. DEAKIN: I think that is so.

Mr. GLADSTONE: Yes, I think it is so.

Dr. SMARTT: I think it will appeal to everybody that that is a very desirable thing to alter. I know of many cases of the same kind, and it is because we feel that these cases will lead to friction that we do hope the Imperial Government will draft a Bill which will be acceptable practically to all the Dominions, so that it will be only necessary for the Colonies to adopt the principles of the Imperial Bill, thereby giving all the privileges of British citizenship throughout the Empire.

Mr. GLADSTONE: The Bill as now drawn is with the object of meeting that point.

Dr. SMARTT: If you can meet the case of the non-European, it will at once simplify the matter.

Mr. GLADSTONE: That is a matter of very considerable difficulty, for reasons which I need not state. I think it would simplify matters, but that is the point we have to consider, and to get round in some way, in order to meet the views of the different Colonies.

CHAIRMAN: May I take it that this resolution is adopted?

The resolution was carried unanimously.

The Conference discussed the question of the publication of the Proceedings and decided that they should be published at as early a date as possible, subject to any necessary revision or omissions.

Resolution XIX., p. x.

NAVAL DEFENCE.

Dr. SMARTT: Would I be in order in moving this Naval Resolution after the discussion yesterday? I do not think it will take any time because it is a resolution which requires no remarks to make it acceptable to the Conference: "That this Conference, recognising the vast "importance of the services rendered by the Navy to the defence of the "Empire and the protection of its trade, and the paramount importance of "continuing to maintain the Navy in the highest possible state of efficiency, "considers it to be the duty of the Dominions beyond the Seas to make "such contribution towards the upkeep of the Navy as may be determined "by their local legislatures—the contribution to take the form of a grant of "money, the establishment of local Naval defence, or such other services, in "such manner as may be decided upon after consultation with the Admiralty "and as would best accord with their varying circumstances."

CHAIRMAN: I may say I communicated with the First Lord of the Admiralty what occurred, and he desires me to say he leaves himself entirely in the hands of the Conference with regard to any modification or omission of the words referring to the Admiralty. Otherwise he has no objection to it.

Dr. SMARTT: My reason for moving this resolution is the fact that I think we have all been impressed with the character of the discussion and the necessity of maintaining the Navy at the fullest possible strength, and I think we all recognise the manner in which the First Lord of the Admiralty has met us, especially in his desire to meet the views of the outlying portions of the Empire to see whether it is possible that they can assist in contributing to the strength of the Navy by organising local defences of a Naval character. I feel convinced that a policy of that sort will appeal very strongly to many portions of His Majesty's Dominions beyond the Seas. I gather from the statement of the First Lord of the Admiralty that the establishment of submarines, destroyers, Naval Reserve forces, local defences, and works of that character, will be of considerable advantage to the general strength of the Navy. I do not think anybody can take exception to the resolution, because it distinctly states that it is subject to the votes of the individual Legislatures, and that though the money will only be spent after consultation with the Admiralty, it does not in any way take away from the individual Colony its rights to be heard and practically to decide the best manner in which that money can be spent. But I gather from the character of the discussion we have had in this Conference, and the nature of the reception we have received—those of us who have had the advantage of discussing the matter with the First Lord of the Admiralty and his advisers—that the Admiralty will deal with the Colonies in the most sympathetic manner in this direction, the result being a movement that I consider will be of great advantage to the defence of the Empire. I think we all recognise that the time is coming when it is utterly impossible for the Colonies to expect Great Britain to bear practically the whole of this great burden of defence. The commerce of the Empire is now becoming of such an enormous character that it is more and more evident to the self-governing Dominions beyond the Seas of what vital importance it is to them, as well as to the heart of the Empire, that this commerce should have

the fullest and most adequate protection. Therefore, I feel strongly that it is the duty of the Conference to come to a general resolution of this sort before we part. At this late period I do not wish to go into the whole facts, figures, and statistics, which we have gone over before, and therefore will content myself by simply moving the resolution, which I hope will be acceptable to every member of the Conference.

Sir WILFRID LAURIER: I am sorry to say, so far as Canada is concerned, we cannot agree to the resolution. We took the ground many years ago that we had enough to do in our respect in that country before committing ourselves to a general claim. The Government of Canada has done a great deal in that respect. Our action was not understood, but I was glad to see that the First Lord of the Admiralty admitted we had done much more than he was aware of. It is impossible, in my humble opinion, to have a uniform policy on this matter: the disproportion is too great between the Mother Country and the Colonies. We have too much to do otherwise; in the Mother Country, you must remember, they have no expenses to incur with regard to public works; whereas, in most of the Colonies, certainly in Canada, we have to tax ourselves to the utmost of our resources in the development of our country, and we could not contribute, or undertake to do more than we are doing in that way. For my part, if the motion were pressed to a conclusion, I should have to vote against it.

Dr. SMARTT: But the public works to which you refer are of a reproductive character which are vital to the interests of your Dominion.

Sir WILFRID LAURIER: Some of our railways have never paid a cent of interest or expenses.

Dr. SMARTT: Still, it is developing and opening up the country to an enormous extent. All the colonies are building developing railways of a character which may not be revenue-producing for years. I thought the wording of this resolution would have specially met your views because you will find to make such a contribution towards the upkeep of the Navy it may take the form either of a grant of money, or the establishment of a local defence force or other services. I understand Canada suggested strongly the other day that some of their other services were in the nature of local defence.

Sir WILFRID LAURIER: I have said all I have to say on the subject.

CHAIRMAN: I think it is a pity to pass the resolution if it is not unanimous.

Dr. SMARTT: I should like very much to hear the opinions of the representatives of the other portions of the Empire.

Mr. DEAKIN: I have no hesitation in entering into the discussion if desired; but if we are not going to pass the resolution is it worth while?

Dr. SMARTT: I think it is a great pity we do not pass something. We have done so much in the way of pious affirmation, that I am anxious we should do something of a practical character.

Sir WILFRID LAURIER: It can be passed if there is a majority. For my part, I must vote against it.

Sir JOSEPH WARD: To do any good we would require to be unanimous about it.

Dr. SMARTT: Yes, I suppose so.

Mr. WINSTON CHURCHILL: It is not much good to have a resolution at all if we cannot be unanimous.

CHAIRMAN: I think we had better not proceed any further just now.

Sir WILFRID LAURIER: We, of the different Dominions beyond the Seas, have tried to be unanimous up to the present time. I am sorry to say this is a question upon which we could not be unanimous. Therefore, Dr. Smartt can move it if he chooses, or withdraw it. But if he presses it I should have to vote against it.

Dr. SMARTT: I am absolutely in the hands of the Conference. I do not want to press a resolution that is not likely to meet with the general approval of practically everybody on the Conference, especially a resolution of this particular character. We might, perhaps, let it stand over until the next sitting. Between this and Tuesday I may be able to modify it in some way to meet Sir Wilfrid's view.

DOUBLE INCOME TAX.

CHAIRMAN: The two questions the Chancellor of the Exchequer has come about are, the double income tax and as to the profit on silver coinage. I understand it has been discussed already.

Mr. ASQUITH: Dr. Jameson, Dr. Smartt, and others were there and discussed it with me.

Sir JOSEPH WARD: Is it necessary to go over the discussion again? We have had it before.

Mr. ASQUITH: I hope not.

Dr. SMARTT: I understand the discussion we had before was printed and will be forwarded to the Conference.

Mr. ASQUITH: It is to be taken as part of the proceedings* of the Conference and therefore we need not go over that ground again.

Dr. SMARTT: We hold equally strongly the views we expressed the other day. We only hope you may have modified yours since then.

Mr. ASQUITH: I am afraid I hold the same view, I expressed then and therefore we must agree to differ about it.

CHAIRMAN: I only put it on the agenda because that was understood.

Mr. ASQUITH: Yes, it is right to raise it again, but it must be taken as we left it the other day.

Dr. SMARTT: You consider no further discussion will bring you any nearer to what is our idea of what is fair.

Mr. ASQUITH: I am afraid not. It goes to the very root of our income tax law whether right or wrong.

* *See* pp. 183-190.

Dr. SMARTT: As this memorandum is going to be submitted to the Conference and will form a portion of the Conference proceedings, though the Chancellor of the Exchequer is not in accordance with our views, would not it be advisable to take the views of the Conference on the question?

Mr. ASQUITH: If you please.

Dr. SMARTT: So that it is tabulated what the views of the various portions of the Empire are on the question.

Mr. F. R. MOOR: I want to say that I have not heard any of the arguments addressed either by the British Government or the Colonies, because I understood this was a sub-committee which was going to discuss the question particularly concerning those immediately interested. I think if Mr. Asquith could just give us in a few words his reasons it would be valuable.

Mr. ASQUITH: I am afraid Dr. Smartt would not be content without adding his few words—quite rightly—and then we should go over the whole ground again. It was with the object of saving time in that respect that we had what I call a sub-Conference on this subject.

Dr. SMARTT: The reason also was that it was referred to this Conference. Having had a discussion in your Department, we should take the opinion of the Conference upon this question, as the opinion of the Conference might in the future weigh upon the mind of the Chancellor of the Exchequer.

CHAIRMAN: The proceedings of that meeting have been circulated.

Sir JOSEPH WARD: It seems to me that a reading of the proceedings of the Committee by the different gentlemen not on the Committee will give them the view put on record by the Chancellor of the Exchequer, in which he pointed out it was not possible for the British Government to give effect to some of the suggestions made. The very fact of that being so, whatever opinions might be expressed here—they are mere expressions of opinion—cannot alter it, and we would not gain anything by re-discussing it. It is all on record in these proceedings.

Dr. SMARTT: But the vote of the Conference is not on record on that particular matter. I want simply to take the opinion of the Conference.

Mr. ASQUITH: I have no objection if you think it serves any useful purpose.

CHAIRMAN: You want the opinion of the Conference as to whether they agree with your resolution or not?

Dr. SMARTT: Yes.

CHAIRMAN: I can ask the Conference that. The resolution is "That "this Conference is of opinion that shareholders, resident in British Colonies, "of companies which are already liable to Colonial income tax payments, "should be exempted from similar taxation in the United Kingdom, and "strongly urges His Majesty's Government to adopt, at the earliest possible "date, the legislation necessary to give effect to such exemption."

Sir WILLIAM LYNE: Do I understand that the practice is that supposing a company is registered in another part of the world with persons living here, deriving income from that company, you tax that income?

Mr. ASQUITH: If they live here.

Sir JOSEPH WARD: We all do the same. What we want to try to get is a mutual arrangement that one shall abandon the imposition at one end and the other at the other. We all do the same absolutely.

Sir WILLIAM LYNE: Then I think we ought to put on an overtax. The British Government stopped me when I wanted to do something of the kind once.

Sir JOSEPH WARD: If there is a shareholder in a British Company carrying on operations here entirely, and he is living in New Zealand and gets his income out from England to New Zealand, we tax it there. The very same is done by the British Government when a New Zealander is living in England.

Mr. ASQUITH: The whole thing is set out in the discussion we had the other day. The considerations on one side and the other are stated with perfect lucidity, and I think it would be a pity to have to go over the ground again.

CHAIRMAN: This resolution will be on record, and the proceedings at the Treasury are recorded, which show that the Chancellor of the Exchequer cannot agree.

Dr. SMARTT: I understand Mr. Deakin, Sir Joseph Ward and General Botha have accepted the principles laid down in the resolution already. That is why I would like to have it on record at the Conference that they have accepted it.

Sir JOSEPH WARD: If the resolution goes on record with the record of the proceedings of the Committee and the views of the Chancellor of the Exchequer, I think it is just as good as a resolution passed one way or the other.

Dr. SMARTT: It is unfortunate that Mr. Moor did not happen to be present at the meeting we had. I know he agrees with the tenour of the resolution, and I thought if we could have got it affirmed here, Mr. Moor, who was not present at the discussion, would be able to vote upon it.

Mr. ASQUITH: No doubt all the representatives of South Africa would agree.

Mr. F. R. MOOR: We have no income tax in our Colony, but that does not justify the double tax, in my opinion.

Mr. ASQUITH: They have in Cape Colony.

SILVER COINAGE.

Mr. DEAKIN: The papers for which I have sent and my analysis of the return you have been kind enough to supply, have not reached me. The general opinion with us that the profit on silver coinage is large, is borne out by the return. The net result of the operations of the Mint must be most satisfactory.

Mr. ASQUITH: They vary very much from year to year. We had a very good year last year as it happens.

Mr. DEAKIN: The price of silver was low.

Mr. ASQUITH: The price of silver is one factor, but the demand is of a very capricious kind, particularly from West Africa. A large part of our profit is due to an abnormal demand from West Africa, where the natives like fresh bright silver and keep it.

Mr. DEAKIN: Apart from that, so far as I follow this return, the profits made on Australian coinage alone look extremely well—over 40,000*l.* a year.

Mr. ASQUITH: That is not far wrong. I will tell you exactly how I take the profit in Australia. The average amount taking five years silver coinage applied to Australia is 76,480*l.* per annum. The mint profit on that, if all the coins had been made out of new bullion, would be 41,4f1*l.*, but we have to deduct from that the worn silver and on the average that was withdrawn from Australia to the value of 11,706*l.* per annum, so that the net supply of new coins was 76,480*l.* minus this 11,706*l.*, which would give you 64,774*l.* a year, on which the profit would be 35,115*l.* Then if you deduct the loss of the worn coin from that, as I think you ought fairly to do, because there is considerable loss on this worn silver—we average it at about 10 per cent. of the face value of the coin—if we take that 11,706*l.* which is the average annual amount withdrawn of worn coin from Australia, 10 per cent. of that is 1,170*l.* The net annual profit attributable to Australia 35,115*l.* less 1,170*l.* equals 33,945*l.* That is the best sum I can give you. That has been worked out as fairly as it can be. That may be said to have been the average profit of the Mint during the five years from the Australian issues.

Mr. DEAKIN: Have you any proposition to make for future coinage?

Mr. ASQUITH: Would you like to coin yourselves, because we can offer you that?

Mr. DEAKIN: That has been proposed.

Mr. ASQUITH: We are quite ready to give it up and let you coin yourselves, just as Canada does.

Mr. DEAKIN: Canada has a subsidiary coinage.

Mr. ASQUITH: Yes, and yours would be a local coinage.

Mr. DEAKIN: Yes, distinguished in some trifling way.

Mr. ASQUITH: You would have to choose for yourselves about what you did.

Sir JOSEPH WARD: Would you concede the same to New Zealand if we desired it?

Mr. ASQUITH: Yes, I think you would stand on exactly the same footing. I think that is a thing you might consider. I do not ask for an immediate decision.

Mr. DEAKIN: I should like to consider it with any suggestions the experts of the Mint can make.

Mr. ASQUITH: I make further the offer found on the last part of the memorandum as to withdrawing the worn gold coin which is at present done in this country. I offered to withdraw that at Sydney, or Melbourne, or wherever you please. That would be a great convenience to your trading community. There are those two offers, if you will kindly consider them.

Mr. DEAKIN: Thank you.

Dr. SMARTT: How would that meet the Colonies which do not coin their own silver? Would you be prepared to make them any allowance off the profits made on the silver coinage?

Mr. ASQUITH: We will make you the same offer as the others.

Dr. SMARTT: But we do not coin.

Sir JOSEPH WARD: We do not coin either, but I will accept your offer, kindly made, and will consider it.

Dr. SMARTT: You do not think you can meet us in any way so long as we do not coin?

Mr. ASQUITH: You would probably find the establishment of a separate Mint in New Zealand would hardly be worth the candle?

Sir JOSEPH WARD: I think that is very possible.

Mr. ASQUITH: South Africa is rather different.

Dr. SMARTT: We see from the figures worked out that there is no difficulty of apportioning the profit to each Colony; consequently, you might be inclined to allow the Colony the profit made on the coining of the silver.

Mr. ASQUITH: I will consider your case; and the whole of South Africa stands on the same footing as regards this—General Botha and Mr. Moor also.

Dr. SMARTT: You will consider my question without committing yourself as to what might be a fair allowance.

Mr. ASQUITH: Certainly, without committing ourselves at all.

Fourteenth Day.
9 May 1907.

GENERAL BOTHA'S FAREWELL.

General Botha's Farewell.

General BOTHA: Lord Elgin and gentleman, my time is over now. I unfortunately have to leave before you resume again. I must go on Saturday to South Africa, and probably this morning is my last attendance, but I hope I shall again have the opportunity of attending later Conferences. I cannot leave without saying good-bye to you all, expressing my gratitude to the Chairman for the able way in which he has led us and conducted the proceedings. It has been one of the greatest pleasures of my life to meet the representatives of the various Possessions here, and to shake hands with them, and I want to give you all this assurance that the friendships which I have formed here in person will always be strengthened as far as I am concerned.

CHAIRMAN: I think I may say on behalf of the Conference that I am sure we entirely respond to the sentiments expressed by General Botha. It has been a great pleasure to us to see him here. We know he has come at considerable inconvenience to himself, but I venture to think that the Conference of this year would have suffered very much had he not been able to attend. We, I am sure, also reciprocate entirely the feeling of the advantages which we gain by mutual intercourse, and though I do not know which of us will be here to meet him, we shall hope that he, at any rate, will attend another Conference.

After a short adjournment:

British Interests in the Pacific.

BRITISH INTERESTS IN THE PACIFIC.

The Conference sat in private. On resuming:

Mr. DEAKIN: Lord Elgin, with the permission of the Conference I propose to invite their attention to this question from a general point of view because without reference to the past, I doubt if the intention of the Commonwealth Government can be made clear. There was a time—and that not so far distant—when this ocean was ignored and these Islands were little visited because they presented small opportunities of trade or settlement—a time at which Great Britain was so much the predominating power that almost anything desired in the way of possession or suzerainty could have been acquired without difficulty. Of course the dead past must be left to bury its dead, but some reference is necessary to the indifferent attitude of statesmen in this country, a not unnatural attitude because, to the United Kingdom, the Pacific is remote, and not over the greater part of it even a highway of much traffic. On the other hand, to Australia and New Zealand in particular, and also to Canada, the future of the Pacific is extremely important, and may become more so at any time, now that attention is directed to its great spaces where rival nations have found a footing, and are if anything disposed to strengthen their hold. This difference of situation led from the first to a different attitude of mind on the part of the people of the Commonwealth and New Zealand, the people of Australasia, as compared with that of the people of the Mother Country. As a consequence, the course that has been followed and consistently followed in Australasia has neither been understood nor appreciated here. I do not wish to dwell once more upon the

impossibility of severing the interests of the Empire into those which could be allotted to the United Kingdom and those which should be allotted to its Dominions beyond the Seas. As a matter of fact, we have all but one interest, though this may be modified by the claims and interests of the several parts. But no gain is possible to the flag in the Pacific which is not of great moment to Great Britain as well as to Australasia. I do not pretend to apportion the relative values of gains or losses, that would be an idle task. But we may fairly assume at least an equality of interest in matters affecting the Pacific.

Owing partly to the dominance of a certain school of political thought in the United Kingdom, which so far as appearances go has much diminished in authority, there was a time when the anxiety of public men in this country was to avoid under any circumstances the assumption of more responsibilities and a great willingness to part with any that they possessed. I do not know how far that school is still represented, nor does it matter; but there never was a time when a similar school of thought existed in our new countries. From the very first, the earliest settlers even when they were few in number, were large in their ambitions, not for themselves but for the country to which they belonged, and for those who were to come after them. That was the original cause of difference of policy. Thus the opposite points of view of those who live by the Pacific Ocean, as is our case, and those on this side whose shores are washed by the North Sea, have been the chief ground for difference. But what is sometimes forgotten is that in the very earliest periods, when the British flag was first carried into these seas, there were British statesmen who entertained the largest ideas of the scope of our authority in the Pacific. I think it was when Governor Philip was sent out to the Colony of New South Wales that his Letters Patent not only included Australia, but what were termed the adjacent islands, and although these were the days before steam, at least one of his successors held that "adjacent islands" extended to Tahiti, naturally including all the groups between. At all events, the New Hebrides were distinctly included within New Zealand in the earliest days of that Colony, and our title to them was only abandoned in 1840. The prevailing attitude of mind here is fairly expressed in a despatch published in a Blue Book relating to the New Hebrides this year, relating to the Convention with France. It appears on page 64, where a despatch of Mr. Alfred Lyttelton, of October 31st, 1903, is quoted. In reply to a paragraph in a letter which I had written, commenting on what I termed "the inaction of the Imperial Government," I was directed to this document, as expressing the views which are still held. In this despatch it is pointed out that a vast extent of territory in the Pacific Ocean has been definitely brought under British control during the last 30 years. It must not be forgotten, as I have already said, that it was indefinitely under British authority before that; but the statements here made show what parts were definitely brought under British control during the last 30 years. Reference is made to Fiji, part of New Guinea, the Solomon Islands, the Gilbert and the Ellis Islands, and the Cook Group, most of those acquisitions having been made as is admitted mainly (sometimes entirely) of the interests and sentiments of Australia and New Zealand. Now that is perfectly true. But for the action of Australia and New Zealand, there would not be an island to-day in the Pacific under the British flag. I am old enough to remember the long agitation which led to the annexation of Fiji which was very nearly allowed to slip through our fingers. I remember only too well the warnings transmitted to the Imperial Government with reference to New Guinea when we were assured by the then Secretary of State for the Colonies, Lord Derby, that there was no intention on the part of Germany to annex any part of that island. It was in this faith that the flag hoisted without authority by the Governor of Queensland, the British flag, was hauled down.

Sir WILFRID LAURIER: By whom?

Mr. DEAKIN: By order of the British Government. Immediately afterwards one half of that very territory which we had just been assured was not going to be touched was appropriated by the German Government. Then, because under pressure of public opinion that Minister for the Colonies was forced to take over the fraction left, that is cited to us years afterwards as a proof of the spirited policy pursued by the British Government. What is true of this island is true of the Solomon Islands and the Gilbert and Ellice Islands. Whatever losses there are in the Pacific—and there have been others—have been due to neglect here. Every single gain has been due to pressure from Australia and New Zealand. Consequently, whatever credit is due for the acquisition of these islands rests on the other side of the globe and not on this. Is it, therefore, to be wondered at that a feeling has been created and still exists in Australia—an exasperated feeling—that British Imperial interests in that ocean have been mishandled from the first? It is more by good luck than by good management that we retain even the islands that we possess. That is to be remembered, in coming to the consideration of the recent developments to which these remarks are a prelude, because, unless you understand that, from the point of view of Australia, we once had the Pacific within our grasp, and have retained nothing of it without constant protest and exertion, while we have lost a great deal which we might have secured, our sentiment, which is apparently quite unappreciated by the press and public men of this country, will never be understood. Here we are represented as a grasping people who, settled in Australia, a territory still too large for us, are reaching out in a grasping spirit to add to it merely because we are in Australia. That exactly reverses our point of view. We practically had these islands, or most of them, almost as much as we had Australia in the first instance. It is not a series of grasping annexations that we have been attempting, but a series of aggravated and exasperating losses which we have had to sustain. There you have our two absolutely opposite points of view, the point of view of our part of the world and the point of view in this country, and it is only because it is necessary, as it appears to me, to make that fundamental contrast of attitude understood, that I have ventured to detain the Conference by referring to it.

Let me now approach the latest illustration of our misfortunes in the New Hebrides. Ever since I have been in public life this group has presented vexed problems to Australia. It was only after a very long struggle that in 1887 we were able to obtain a means by which the titles of British settlers there could be officially recognised. We wished some foothold given to those early and enterprising men. In 1887, as is now well understood, when the first of these Conferences assembled, the project quite favourably regarded by the British Government included the surrender of whatever rights were possessed in that group. It was only on account of the very vigorous opposition to that suggestion offered by Australasia that the islands did not then pass entirely under the French flag. That was another experience which has not been forgotten, and is not likely to be forgotten. The intention in 1887 was that some arrangement should be arrived at with the French Republic in reference to the future of these islands. When the Conference of 1897 met, the only reference to them that I remember, states that no decision had been arrived at. For ten years the matter had been allowed to rest. In 1904 an agreement between the British and French Governments was signed which provided for a settlement of matters in dispute between them all over the world, in Morocco in particular, in Africa generally and elsewhere. Again the New Hebrides only appeared in a footnote indicating that something was still expected to be done. It requires to be remembered

that during all these years, before even land titles were recognised, there were British settlers in that group; there were British missionaries; and that whatever was being done in the way of trade or to inculcate the principles of Christianity was undertaken by Britons, including a certain number of Australians. I am not delaying for exact dates, but think it was in consequence of our fresh representations made in 1902 that a British Resident was appointed, a gentleman without real status or legal authority of any effective kind, who was to keep a general oversight of British interests and to advise. He had no real power; he was not authorised to keep records, and has not even the means of necessary transport which would familiarise him with the various islands and villages of the group. Under all these difficulties it is not surprising that he has accomplished little. During this earlier period, the New Hebrides had been dealt with by the individual Australian States and New Zealand; and among the very first resolutions passed by Conferences which were then held at which six or seven Colonies independent of each other were represented they passed strongly worded resolutions about the New Hebrides, with which I do not desire to detain you. Never at any time has this matter been out of the view of Australian public men, and of the Australian public. It has always been within their horizon. On January 1st, 1901, the present Commonwealth came into being, and within two months one of the first despatches ever directed from the new Government of the whole of Australia, addressed to this office, related to the New Hebrides. Consequently, statements which have recently been made in Parliament, here and elsewhere, that the New Hebrides have been the subject of correspondence for the last 20 years, and that some persons here were saturated with the views we have expressed, have very good foundation. We have kept on protesting and urging action without any cessation for the last 24 years. Before that there were frequent and spasmodic outbursts of complaints as we saw the islands slipping away, but for the last 24 years there has been systematic agitation, yet practically there has been nothing to show for it until this last.

Sir WILFRID LAURIER: Are you asking for any special action or protesting in general terms against the supineness of the Government?

Mr. DEAKIN: Let me first get on record an explanation of the Australian attitude expressed in both special and general protests and now approach my second subject, the Convention recently concluded. That I do not propose to discuss in detail here. As to the merits or demerits of the convention made, we have said our say and I have since had the opportunity of communicating with Members of His Majesty's Government here in reference to it. I feel it would be idle to criticise that Convention now; but I do feel in justice to ourselves, and to meet some statements to which I must presently refer, that we are entitled to have it understood why, and with good reason, we have an exasperated feeling. I do not know of any series of public incidents that have sown more discord in Australia and created more discontent than those dealing with the Pacific Islands. They have caught and kept the popular eye and inflamed the popular mind. I think that after all our unfortunate experiences these years we were entitled to expect that in any dealings with the New Hebrides, Australia and New Zealand would have been consulted, kept in close touch with the Colonial Office, and afforded every opportunity of assisting to bring about a fair settlement. The trade of the New Hebrides, such as it is, is with Sydney and Auckland, and consequently the best information available is to be obtained

in them. There was first of all a fair title of our people and their Government to be consulted, and there was next the possession of an intimate knowledge of their local conditions possessed by our missionaries and our traders. On both these grounds we, as representatives of the British people in those seas and deeply interested ourselves, were entitled to be heard. The fact is, however, that this Convention was arrived at without us in a most extraordinary manner. It will be remembered that we have been for the last 24 years corresponding, passing resolutions, and protesting; and when it appeared impossible to make any further advance on the lines that we had been following, about the middle of 1905 I addressed two despatches to this office. The first was in consequence of one of the many deputations which waited on the Government from missionaries and people interested in the islands, asking, as they have asked a score of times, for some settlement of the issues connected with them. My first despatch conveyed their complaints and representations, but from all the information I had been able to obtain I had become persuaded at last that comparatively little could be hoped for British supremacy in those groups at that time. I consequently wrote another despatch, in which I suggested that a permanent joint protectorate under representatives of both countries and founded upon conditions giving security for investment and settlement, might be worth considering. This is given at page 3 of the Blue Book already alluded to. That suggestion was prefaced in these terms: "Your "Excellency's advisers, though most reluctant even to appear to relax "their efforts to secure annexation, are so discouraged by the interminable postponements, and the uncertainties of the present position "that they feel constrained to inquire whether a proposal for such a "protectorate is favoured by His Majesty's Government and the Republic of "France, and if so, upon what terms." At the conclusion of that despatch we pointed out that the sentiment of the people of the Commonwealth is so adverse to anything resembling a sacrifice of the great Imperial possibilities of the New Hebrides, that this inquiry was tentative only in order to ascertain the prospects of such an arrangement, and afford an opportunity for its consideration in the event of no better alternative being open to us. That was the end of August 1905. I do not think anything could be clearer or more explicit than those despatches. We made an inquiry. We wanted to know on what terms a joint protectorate would be possible, and pointed out that our inquiry was tentative only to afford an opportunity for further consideration. To that letter we received no reply—that is to say, no reply for months afterwards, months during which a great deal was happening. This Blue Book renders it unnecessary for me to follow the whole course of the subsequent proceedings in detail. It commences with a letter from the Foreign Office to the Colonial Office of September 1905. The Foreign Office then forwarded a memorandum from the French Minister in London with reference to an examination of title deeds in the New Hebrides. The correspondence which had been conducted between the Imperial Government and ourselves had two or three different lines. One was the main correspondence asking for annexation, another and quite distinct correspondence was being carried on in reference to the titles to land claimed by British or French settlers with the object of getting these in some way settled, in order to avoid the quarrels which were springing up between the settlers and the natives, or occasionally between nationals, either British or French, over their transactions in land. There was a third line of correspondence which related to the occasional disturbances in the island or minor squabbles. This despatch containing the complaints of the deputation was written before my despatch of August 29th, 1905, touching upon a possible protectorate. The negotiation in London differs from both

since it springs out of the correspondence about land titles, these being in a very unsatisfactory position at that time. The French Commissaire Général had been requested to furnish his observations on the proposals made by the British Government with regard to the land claims in the New Hebrides, that is on page 1. The suggestion was that a local mixed commission would be necessary to deal with those land titles, but the French Government thought there would be objections to investing such a commission with full powers, and thought it would be advisable at least to specify the nature of the evidence which could be put in on one side or the other. What was therefore suggested by them was not a commission to settle land titles, but only a chat between two officials to settle the terms on which evidence regarding these titles could be put in. The French Government suggested nothing more than verbal negotiations of a purely semi-official character between a French expert and a British official. That was the proposal. The translation given certainly does full justice to the French request, which will be found in the enclosure. Then comes the arrival of my August letter to which I have already referred. The French Government on October 5th agreed that the examination of title deeds should be trusted to a local mixed commission and suggested for the purpose of settling the powers to be entrusted to the commission, that the nature of the evidence which might be put in should be discussed in verbal negotiations of a purely semi-official character. That seems to me to be a little larger than the first proposal, "settling the powers to be entrusted" seems an addition, but it is immaterial. Needless to say, of all this correspondence we heard nothing and knew nothing. So far as we were concerned it did not exist. On November the 4th, the Colonial Office telegraphed to New Zealand to ascertain whether they were favourable to a joint Anglo-French protectorate. They received an answer given on page 5 to say: "If no better arrangement could be made. They would prefer annexation, but failing that the island should be divided." Next, on page 4, we find that the "functionary" named by the French is M. Saint-Germain, a senator of France, occupying a very considerable public position of influence in that country, and scarcely I should say, the kind of functionary contemplated in the earlier correspondence. In addition he is to be supported by two officials, one attached to the Cabinet of the Colonial Office of France, and the other attached to the Cabinet of Monsieur Clémenceau. We are thus prepared for the letter of December 6th, which shows that the next suggestion is that the scope of the commission should be enlarged to discuss the best means of terminating the difficulties which have arisen owing to the absence of jurisdiction over the natives of the islands. The French enclosure is given below. Then we find the Colonial Office informing the Foreign Office that three representatives of the French Government are expected in connection with establishing a land claim tribunal in the New Hebrides. Mr. Lyttelton, the Colonial Secretary, then submits, for the first time, that the opportunity should be taken to discuss verbally with them, if they were willing, the question of a joint protectorate. Of this, too, we knew nothing.

We pass on now to a further communication of January 9th 1906, from the Foreign Office, enclosing a copy of a communication from the French Embassy. The chat between two officials about evidence has become a Commission—"au sujet de la Commission des Nouvelles Hebrides" is the phrase used in No. 13. In addition to M. Saint-Germain, who has the title of "Commissaire," there comes Monsieur Picanon, a very capable and high official, who had just been Governor of New Caledonia, and Monsieur Weber, who is joint chief of the office of the Colonial Minister. In addition there is a Monsieur Gournay, who is to be secretary and interpreter.

The single "functionary" has been transformed into a Senator, an ex-Governor of New Caledonia, a joint secretary of the Ministry of the Colonies, and another gentleman from the same office. It is pointed out in the last paragraph that this is not an official Conference, but for the purpose of a simple exchange of views. It must be understood that we remained unaware of any of these proceedings. The distinguished gentlemen came to London, and the Convention sat in February 1906. Except for the information conveyed to us by ordinary newspaper cables, we were still unaware of its existence and of its character. We had not the faintest conception of its scope. We saw the notices in the papers, and were somewhat surprised that the appointment of the French official and the British official who were to settle the manner in which the evidence on titles should be put in had not been communicated to us, but regarding the meeting in that light and remembering that it was to be unofficial and that everything was to be subject to after consideration, we supposed it was by a mere official oversight that we were being ignored upon a matter of small importance. It was not, in fact, until expressions of astonishment began to appear in the Australian papers after I had been questioned about the meeting, that the correspondents of English papers in Australia cabled to London some expression of surprise. It was then that we received the first reply by telegraph, which will be found on page 10, March 5th, 1906, referring to our unanswered despatch of August 29th and informing us that the "Joint Anglo-French Commission has signed "Convention for submission to British and French Governments for settle-"ment of questions in New Hebrides. Convention will not be confirmed until "His Majesty's Government has had opportunity of considering views of your "Ministers. Copy will be sent by next mail." This was signed by Lord Elgin. That was the first intimation we had that there was a Commission, that a convention had been drawn up and signed, and that it was to settle questions in the New Hebrides other than those affecting land titles.

There I can stop my recital of events. But it is at least a matter of interest and of some curiosity to know that though the Convention did not sit until February 1906, previously, in December 1905, there appeared in a French paper a forecast of the findings to be expected from this Commission which was posted to me by a very experienced and able member of the House of Commons. So that I was not altogether unprepared for the Convention when it arrived, seeing that it followed, according to the member who posted it to me, and according to my own recollection, the very lines on which the actual Convention was drawn up. That means nothing more than this, that the French Commission went into this meeting knowing exactly what they wanted, thoroughly well equipped with information, with the personal experience of M. Picanon in New Caledonia where he had been Governor for some time, and with the general knowledge of M. Saint-Germain. They knew what they wanted and what they intended to get. There need be no surprise if they got it—nor any suggestion of anything more than their address—knowing their own minds they were successful. Then comes a despatch to us dated March 9th, 1906, which I do not propose to refer to except to quote a line from page 14 the last paragraph, by which we were informed that the draft Convention must be confirmed or rejected practically as it stands. Except the telegram, this was the first reply we had ever had to our suggestions of August 1905, which, as I have shown, were made in a purely tentative way and subject to consideration, and made only in default of other possibilities. The first information we got was a Convention which we had to confirm or reject practically as it stood. That intimation, it must be remembered, was not made to us by the British Colonial Office for its own purpose, but was an intimation to us that, having debated this matter with the French Commission its officers felt sure no better terms could

be obtained. Therefore, they told us that this Convention must be accepted or rejected as a whole.

Now I take it that anyone who has followed this simple statement of the course of events will realise that those who have heard the statements made in public in this country with reference to the manner in which this Convention is formed may be pardoned if they have arrived at an entirely misleading view of the circumstances. To say that a correspondence with us had been proceeding for many years is perfectly true, but quite irrelevant to the making of this Convention. To say that we were consulted at every step is an abuse of language, so far as that Convention is concerned. To lead anyone to suppose that the Commonwealth or its Government had the faintest tittle of responsibility for either this Commission or the personnel of this Commission, matters on which I think we were fully entitled to be heard, or to allow it to be supposed that we knew anything of that Commission, its purposes, character, or work, or of this Convention until we saw it complete, is to convey a series of wholly mistaken impressions. We knew nothing until we received this Convention with an intimation that it must be either taken as a whole or left.

I do not think that this procedure is capable of any defence except by the frank statement that it was due to an entire oversight, that Australia and New Zealand had dropped out of view, that the able gentlemen who represented the British Government on that Convention being capable and well informed, it was not necessary for us to be consulted; that they knew better what we wanted than we did ourselves, or at all events were better judges of what ought to be done in the New Hebrides than we could be. Any one of those statements might be made, and I do not contradict it. All I am concerned to insist upon now is that there should be no pretence that any respect whatever was paid or sought to be paid to the opinion of Australia, or any recognition given to us in a very serious matter on which we certainly were entitled to be consulted, or at least informed, at every step. We were not even informed of what was taking place except through the newspapers. That it should be possible at the centre of the Empire to conduct a negotiation upon matters of grave importance which had been the subject of correspondence for 24 years between the Colonial Office and the self-governing communities concerned and which was of great moment to Imperial interests in the Pacific in this casual and secret fashion, is, I think, the strongest possible impeachment of the methods that have obtained in this office.

It is not because I wish to return to the past, but to defend our action and to prevent the possibility of anything of this kind recurring in the future, that I have recapitulated these incidents. But when I find in the House of Commons a question asked on the 19th February of the Under Secretary for the Colonies relating to the New Hebrides referring to matters upon which we had been in correspondence with this Department, I have again to submit that the methods which make this possible are certainly in need of entire reform. The question was asked by Mr. Whitehead and will be found in column 708 of the Parliamentary Hansard: "I beg to ask the Under "Secretary of State for the Colonies whether he is aware that the protective "tariff in force in the Australian Commonwealth applies to maize, copra, and "other products of the New Hebrides, and has been a cause in limiting the "number of British settlers and retarding the development of British interests "in those islands, and whether, in event of further representations being made "by the Australian Government with a view to Australian predominance in "the New Hebrides, His Majesty's Government will endeavour to persuade the "Australian Government to encourage British settlement by offering a free "market in the Commonwealth to British merchandise exported from the

"islands." That, though put in the form of a question, suggests or provides material for a number of serious misapprehensions.

I must call attention to the answer, accounting for some of its several misstatements by a too ready acceptance of the implications of the question. The answer was to this effect: "I am aware of the facts stated in the first "part of the hon. Member's question. The Australian Government propose "to submit to the Commonwealth Parliament at an early date proposals in "connection with tariff revision which will, I gather, be designed to minimise "as far as possible the disability under which British settlers in the New "Hebrides are now labouring." What were the facts stated in the first part of the honourable Member's question? The Under Secretary of State said he was aware of them and endorsed the statement. Yet no tariff in Australia ever yet has applied to copra, which is the principal export of the New Hebrides and by far its chief hope; it was always admitted free to New South Wales, our principal and practically sole market, and, since the constitution of the Commonwealth, has always been admitted free to Australia as a whole. It is imported into Australia in large quantities, in part manufactured there, while other large quantities are transmitted to England.

Of course I know that the Under Secretary for the Colonies has no personal responsibility whatever for that statement. He is informed by officials, who have before them the Commonwealth Tariff. Copra has for several years increased in value, and the trade is increasing in importance, so that I cannot imagine how it can have been possible for anyone pretending to even the faintest knowledge of production in the Pacific, not to be aware that copra was and always had been free. The answer proceeds to say that the Australian Commonwealth Tariff applies to maize and other products of the New Hebrides. As matter of fact it scarcely touches any of the other products, as far as I am informed, besides maize. Maize, ground-nuts, and bananas it does touch to some extent. I presume members of the Conference know that maize is a frequent crop, while ground-nuts and bananas, too, have their season. They are not like copra of which one does not reap the full fruits for from five to seven years, after which it is a permanent product for many decades, perhaps 60 or 70 years, and of great value. The other crops are used pending the maturity of the coco nuts. There were, and are, duties in the Commonwealth which affect maize and bananas, but for the first two years after their imposition they did not affect maize at all, because those were the seasons of great demand in the Commonwealth. Then we imported grain from everywhere. The New Hebrides settlers in those two years did a thriving business with us, notwithstanding the duty. They paid the duty and still reaped very handsome profits. One might expect, perhaps, that this should be known since it was a fact that for those two years from 1901 to 1903 the New Hebrides settlers were not in the least affected by our tariff on maize.

Then, what ought to have been remembered and indeed it was directly brought to the knowledge of the Colonial Office was that we had appealed to them in order to ascertain if we could not grant a preference to the maize grown in the New Hebrides, and had been informed that this would conflict with treaty obligations. We had been so informed. This reply is given in February 1907; and it was about that time. It was after we had been bringing under the notice of the Colonial Office our anxiety to help the settlers in the New Hebrides by making them special concessions. That was a fact that was well known, and ought to have been stated in reply to the House when a question was directed directly against the Commonwealth tariff and its supposed continuously adverse operation in the New Hebrides.

Mr. WINSTON CHURCHILL: May I say that I did not know that Mr. Deakin was to raise this particular point, or I should have refreshed my memory by a closer study of the facts; but, so far as I recollect, the authority stated by me was Sir Everard im Thurn, our High Commissioner in the New Hebrides, who reported to us that the Australian tariff had injuriously affected British colonization in the New Hebrides. I think that has been published.

Mr. DEAKIN: It is published.

Mr. WINSTON CHURCHILL: I think the authority on which I made my statement which is, of course, only a general acceptance of the facts contained in the question——

Mr. DEAKIN: I am not quite sure that we had his Report before this; but the point is this: that directly we saw it we challenged it at once by despatch. It was the unintentional misrepresentation of a gentleman recently appointed, who had only paid one visit to the group, and was extremely unfamiliar with a great many of its details.

Mr. WINSTON CHURCHILL: It is perfectly open to Mr. Deakin, with the resources of the Australian Government at his disposal, to differ from the view of the facts which was taken by this Government, with such resources as we have at our disposal.

Mr. DEAKIN: Still there are the facts, we had proposed a preference. The implication in both question and answer is that we have done nothing to lighten our tariff, whereas we had not only referred the case of the New Hebrides to our Tariff Commission (that is, of course, a matter of our internal politics, as to which you need not have any knowledge), but we have also been in correspondence with you to discover whether it was not possible for us to give a preference to these particular settlers on these very products.

Mr. WINSTON CHURCHILL: Since when?

Mr. DEAKIN: I read the correspondence at yesterday's meeting, but have not brought it to-day. I read that correspondence and the telegrams yesterday that were sent to us saying that we could not discriminate. Then we asked them about the discrimination to French nationals in New Caledonia.

Mr. WINSTON CHURCHILL: The report was to the effect that the tendency of the tariff over a long period of years had been prejudicial to the development of British settlements in the New Hebrides. It is quite clear that anything done in the last year or eighteen months would not have affected the substantial truth or justice of that conclusion, although I quite agree from the point of view of the Australian Government if a movement had been made, it was desirable that it should have been stated. I say at once that if I had known it, I would have stated it.

Mr. DEAKIN: Of course you would, but the statement which was made was wrong, and that which you are now repeating is wrong again. New South Wales never had a closed port, and the business of the New Hebrides

was with Sydney only. That is one of the ridiculous insinuations of the writer. The New Hebrides enjoyed an absolutely free port, which was and is the only port with which they have any trade; they sent all their goods to New South Wales, where they were all absolutely free until we imposed the Commonwealth tariff in 1901. Instead of their being liable to duty over a long series of years, they had Free Trade all the time up till 1901. In 1901, 1902, and 1903 our new duties had no effect, because the demand for maize was so exceptional. Instead of operating over a long period of years, our tariff had only operated for two years, 1904 and 1905.

Now, what is the fact? Mr. Whitehead suggests that our policy has limited the number of British settlers. The Commonwealth Government, at an expense of several thousands of pounds, has planted British settlers in the New Hebrides, and endeavoured afterwards to give them a tariff concession. Will it be believed that at the time this answer was given in addition to that I obtained from the House a sum of 500*l.* to pay to these very settlers? They are only a handful of maize growers, and this sum enabled us to make up to them the difference caused by the effect of our tariff. We are paying out of our own pocket enough to enable these people not to be affected by our duties.

What is the knowledge in this office? All these facts have been published in our newspapers; we are actually spending our own money to prevent these people being affected by our tariff, and have tried to grant them a preferential tariff. Then when a question in the House of Commons directly implies that we who had put settlers there were injuring them, and doing nothing to help them, the only answer given is that we are only proposing to do something in the future. All these circumstances were ignored; the fact is, that we have taken the greatest possible pains to endeavour to help these people, first to put them there, then to keep them there, and then to give them special advantages, finally voting them bounties. Yet not one of these facts is referred to. I am quite content that this incident should be buried, even with regard to those behind the political responsible heads who committed these oversights, but the misfortune is that such slanders tell against us very much. Not only this answer, but other official references on which I do not wish to dwell have created an idea that the Australian Government, while clamouring for everything to be done in the New Hebrides, is at the same time doing everything it can to impede the success of its settlers.

Mr. WINSTON CHURCHILL: No, the only suggestion made for which I have any responsibility is that the policy of the Commonwealth has not sufficiently considered the interests of British colonization in the New Hebrides. It is quite possible now, in fact it is recognised even in that answer to the question, that the Commonwealth Government is now taking a different view, and perhaps if that view had been taken at an earlier stage, the disproportion between the British and French settlers would not have been as great as it is.

Mr. DEAKIN: Not at all; that is another of Sir Everard's mistakes.

Mr. WINSTON CHURCHILL: We are bound to believe statements made upon the authority of our Governor and representative; it is a great pity that we cannot discuss over the telephone with you in Australia the answers which have to be given in the House of Commons. I am sure I

should welcome the opportunity, but very often having twenty questions a day to answer in the House of Commons, it would not be a very easy matter. In the meanwhile, that not being a possibility, we have to go to the documents which are before us from our responsible representative abroad.

Mr. DEAKIN: Quite so, and I have not said a single word that conveys a suggestion of anything else.

Mr. WINSTON CHURCHILL: I should be very sorry if the answer I gave in any way appeared detrimental to the interests of the Dominion affected and was at the particular time contrary to the fact.

Mr. DEAKIN: It has been detrimental; these answers are also cabled out, and our people cannot understand how it happens. It has had a very bad effect here because it is one of a strain of the same sort of misrepresentations.

I take it that what we are entitled to expect on these matters is that somebody in a great office like this should be kept sufficiently well informed of our ordinary public matters so as to be able to put accurate answers into the hands of Ministers.

Mr. WINSTON CHURCHILL: I think it would be a great advantage. I very much regret that I have to go to Manchester almost immediately, but I think it would be a very great advantage if our attention was drawn by letter and despatch to any inaccuracies in these statements.

Mr. DEAKIN: A letter takes nearly five weeks to reach us, and five weeks to get back, that is nearly three months, by then the whole thing is dead.

Mr. WINSTON CHURCHILL: True, the distance is one of the most difficult facts that we have to deal with in the British Empire.

CHAIRMAN: If we could all meet across the table like this these unfortunate happenings would be avoided.

Mr. DEAKIN: I have finished with that matter, Mr. Churchill. I have no desire to revive these incidents except as warnings for the future and in order to explain the feeling that exists. Lord Elgin may think that on this matter I hold strong views. I do, but they are shared by thousands. On this matter I am certain that you cannot find a newspaper in Australia that has a word to say in defence of our treatment in relation to the New Hebrides. I am now speaking of the way we are treated quite apart from all issues as to the merits of this and that Article of the Convention. All of those I dismiss. They are settled and accepted for the present, but you cannot find a newspaper of any shade of politics of the least importance that upholds your action. It is unfortunate; it is to be avoided. The maintenance of a good understanding is impossible when all public opinion and the Press become adverse. Especially when we are unable to follow our invariable habit of defending in public any statements made by or on behalf of the British Government. Could it be supposed by us to be necessary to talk about what we have done in these islands? We are paying an extra subsidy to the only line of steamers which plies there, and which would not

ply there at all but for them. We paid them an extra subsidy for the assistance in the New Hebrides, of our settlers, the British settlers. We induced those steamers in consequence of our subsidy to lower their freights for maize 75 per cent. Those settlers have been sending their maize to the markets of Sydney at only 25 per cent. of what they paid before we intervened, so that we are not only helping them by a grant, but reduce their freights to 25 per cent. of the ordinary rate. Yet it is alleged here that we have never lifted a finger for them but only to tax and impede them.

We became indirectly the controlling power, although not the owners, of certain lands in the New Hebrides, and we made these available for British settlers at the nominal figure of a shilling a year for 50 acres. That was in order to give those who had not sufficient land there, or others they could bring with them, an opportunity of making a living in the group. What has the United Kingdom ever done for its settlers outside its territory to compare with this?

I have now finished the story of what we did for the settlers in the New Hebrides, and why we resent a good deal of the criticism to which we have been subjected in regard to them.

CHAIRMAN: I would like to say at once that there is no doubt on the part of His Majesty's Government of the importance of the Pacific, and I entirely agree with Mr. Deakin, that the aim must be that as between the United Kingdom and the Dominions beyond the Seas there should be no difference whatever with regard to the interests we feel in them. I did not know the extent to which Mr. Deakin was going into the past history of this subject, and I am not prepared to follow him throughout, and I do not know that he will expect me to do so. I think he admitted that the actual authority of Great Britain was subject to some limitations in the Pacific and had always been.

Mr. DEAKIN: It extended as far as "Tahiti."

CHAIRMAN: Mr. Deakin said that it was "indefinitely" under British authority, and I think another expression he used was, that Australia "practically had" more extensive interests than had been admitted. I am not sure that that carries us very far, because, after all, we have to bear in mind that when you convert indefinite interests into actual interests you assume an amount of responsibility, and you become liable to an amount of cost, which does not apply to the indefinite possession, and of course we in this country, though we are willing and desirous to do all that we can to protect the Dominions beyond the Seas, and have been so in the past and now hope to be equally energetic with your assistance, there is a limit to the extensions which we can contemplate, and certainly to the rapidity with which those are made. If other nations—which, after all, we cannot exclude from interest in the Pacific Ocean—have advanced and established themselves in certain parts of it, I do not think that is quite justifiable to impute to us on that account that we have caused what I think Mr. Deakin described as a sense of aggravated loss to the Commonwealth or to Australasia. At all events, if there has been that sense, I hope that he will take into account the other considerations to which I have drawn attention, and believe that it was not at any rate from any intention, I am sure, of our predecessors any more than it is of ourselves to cause aggravated loss, or in any way to undervalue the sense of interest which I can understand is more present to them out there than perhaps it is possible that we should feel. I do not think that I shall serve any useful purpose if I follow through the details of the history of the New Hebrides which Mr. Deakin has given. I will only just remark this, that I am informed with regard to the British Resident that he has a legal status, and I know that the amount which he

has been able to do has been recognised, recognised not only by his superiors but by others who are in no way responsible for it. Therefore, so far as that is concerned, I will only say that I deeply regret if there has been the feeling which Mr. Deakin described as exasperation from the series of incidents. I deeply regret it, but at the same time I cannot altogether admit that we are to take full responsibility for that, or that we are perhaps quite so guilty as Mr. Deakin's eloquence would make us appear.

I must say a word or two, I think, as Mr. Deakin has put aside the details of the convention, not with regard to the details of the convention, but to what he has said with regard to the manner in which that convention was negotiated. He referred to a despatch signed by himself on the 29th August, which he quoted, and I will not repeat the quotation in the second paragraph, but I should like to draw attention to this: that he went on to mention (it occurs in paragraph 3) certain conditions under which the Joint Protectorate might be appointed, and he said this: "It would be most acceptable, if the "conditions upon which the Protectorate is to be established, or any "amendment of them afterwards, in addition to receiving the approval of "His Majesty's Government and the Republic of France, were submitted for "the consent of the Commonwealth and of New Zealand prior to their "adoption by His Majesty's Government." That was the request which he made in August 1905. Now, Mr. Deakin said, or rather implied, I think, that there was some cause of complaint as to delay in dealing with these matters. I was not responsible, of course, for the first part of it, but I should say for my predecessor that this letter was dated August 29th. That letter of August 29th would not arrive until a month or five weeks afterwards—that was a time when Parliament was not sitting; but on November 4th a telegram was sent to New Zealand. The New Zealand Government replied; that reply was not received till December 5th; and on December 9th steps were taken to proceed with the arrangement.

Sir JOSEPH WARD: What year was that?

CHAIRMAN: 1905.

Mr. DEAKIN: I beg your pardon; the delay was not in the procedure, but in informing us of the procedure and its meaning.

CHAIRMAN: I am coming to that, I think you also thought there was delay there.

Mr. DEAKIN: No.

CHAIRMAN: So far so good. It went on and, of course, we came into office soon after that, and at once proceeded with the commission which our predecessors had started, and it went on without any delay. But Mr. Deakin makes two complaints against us in that respect. In the first place that the Commission was not announced to him—I cannot explain that without further inquiry—I do not know how it happened. If it was my inadvertence I apologise, but on a change of Governments sometimes these things may occur. Anyhow on the second complaint I should like to say a word or two, and that is that the characteristics of the Commission appeared first in the newspapers and first reached Australia through the newspapers. Now I

ought to say that I took the most careful precautions myself to preserve the strictest privacy with regard to all the documents of this Commission with the object of their reaching the Australian and New Zealand Governments before anybody knew anything of it all. Accidents will happen and in this case an accident did happen. I should also just like to remind Mr. Deakin that at the time this was going on a colleague of his was in this country, Sir John Forrest, and he brought me a message, I think, in regard to the Convention to which I attended to the best of my ability, and therefore we had through him the advantage of communication with those who are responsible to Australia in these matters. I do not say that in any way to imply that Sir John Forrest came to me with any authority to represent the Australian Government, but at the same time——

Mr. DEAKIN: He was a member of it.

CHAIRMAN: He was a member of it, and I took advantage of his being here to converse with him on the subject. That was how it stood. We did our best to keep the thing secret until it reached the hands of the Commonwealth Government. I admit we did not succeed entirely in doing so, but there it stood, and then the Governments in Australia and New Zealand had their opportunity of suggesting amendments.

Now, Mr. Deakin has referred to a passage which has often been referred to in which it is said that "the draft convention must therefore be confirmed or rejected practically as it stands." I wish to make one explanation in regard to that. Taken by itself that may seem a very peremptory statement, but it really means if you are to accept the Convention at all it is obvious we cannot do very much more with the French in the matter. At the same time an opportunity was given to the Governments to submit amendments, and they did submit amendments. We were prepared to negotiate with the French Government again, and were on the point of doing so, when circumstances arose which induced the Australian Government to advise that we should close with them at once, and we did so. That is the history, and I venture to think that at any rate in intention we did not neglect the interests of the Colonies, but did our best to secure them, and also with the full cognisance and revision by the Colonies as far as it was possible to do so. That is all I have really to say upon that. It is a question which has caused a great deal of uneasiness. The last thing I should wish to do as far as I personally am concerned is to treat the Colonies in an overbearing manner; and I can only assure the representatives here that every effort will be made to avoid their finding cause of complaint again. But I also wish to put on record that as far as the negotiations are concerned I think that we were well represented. Mr. Deakin asked that our representatives should be well informed and capable.

Mr. DEAKIN: I said they were well informed and capable. I do not take any exception to them now. The only exception that has been taken is that they were not acquainted with the islands themselves or the circumstances of island life as M. Picanon was directly and M. Saint-Germain was indirectly. M. Picanon is an extremely able man, and so is M. Saint-Germain, with the additional advantage that M. Picanon had lived in the Pacific, and the English representatives did not.

CHAIRMAN: We admit certainly that they had that advantage; I only wish to say that, having been consulted on these negotiations day by

day by the representatives who came in here to see me, I cannot help thinking we did rather well.

Mr. DEAKIN: You did exactly what they expected you to do. I do not say you did badly on that account.

CHAIRMAN: I do not think Mr. Deakin will want me to say more upon the subject of that particular Convention.

CHAIRMAN: There is only one other item on the Agenda.

Sir WILFRID LAURIER: I am not prepared to take up any other point now.

CHAIRMAN: Could we dispose of this in 10 minutes?

Mr. DEAKIN: I do not think so. I want to say something with regard to the interchange of officers and the questions arising out of that.

CHAIRMAN: Of course, I am in your hands entirely. In the despatch with regard to this Conference, it was assumed that the members coming from beyond the seas would wish to separate by the end of four weeks. We have now reached that point, and I have done my best to finish, and have brought you very near it. If, however, it is more convenient to finish by having another meeting, we can meet again on Monday morning

Sir WILFRID LAURIER: I think it would be advisable.

Dr. JAMESON: Yes.

CHAIRMAN: General Botha will be gone; but I do not know that anybody else will.

Sir JOSEPH WARD: Is it understood that we close the Conference on Monday.

Dr. SMARTT: Would not Tuesday do instead of Monday, would it?

CHAIRMAN: As far as I am concerned, I am entirely at your disposal, as I have been throughout. Is Tuesday more convenient?

Sir WILFRID LAURIER: To me Tuesday and Monday are the days that would be convenient. Dr. Smartt has just expressed a preference for Tuesday, and I am willing to agree to that.

Sir WILLIAM LYNE: It would suit me much better, too.

CHAIRMAN: Then we will make it 11 o'clock on Tuesday.

Adjourned to Tuesday next at 11 o'clock.

Fifteenth Day.
14 May 1907

FIFTEENTH DAY.

HELD AT THE COLONIAL OFFICE, DOWNING STREET,
TUESDAY, 14TH MAY 1907.

PRESENT:

The Right Honourable THE EARL OF ELGIN, K.G., Secretary of State for the Colonies (President).

The Right Honourable Sir WILFRID LAURIER, G.C.M.G., Prime Minister of Canada.

The Honourable Sir F. W. BORDEN, K.C.M.G., Minister of Militia and Defence (Canada).

The Honourable L. P. BRODEUR, Minister of Marine and Fisheries (Canada).

The Honourable ALFRED DEAKIN, Prime Minister of the Commonwealth of Australia.

The Honourable Sir W. LYNE, K.C.M.G., Minister of Trade and Customs (Australia).

The Right Honourable Sir JOSEPH WARD, K.C.M.G., Prime Minister of New Zealand.

The Right Honourable Sir ROBERT BOND, K.C.M.G., Prime Minister of Newfoundland.

The Right Honourable L. S. JAMESON, C.B., Prime Minister of Cape Colony.

The Honourable Dr. SMARTT, Commissioner of Public Works (Cape Colony).

The Right Honourable F. R. MOOR, Prime Minister of Natal.

The Right Honourable WINSTON S. CHURCHILL, M.P., Parliamentary Under Secretary of State for the Colonies.

Sir FRANCIS HOPWOOD, K.C.B., K.C.M.G., Permanent Under Secretary of State for the Colonies.

Sir J. L. MACKAY, G.C.M.G., K.C.I.E., on behalf of the India Office.

Mr. H. W. JUST, C.B., C.M.G., }
Mr. G. W. JOHNSON, C.M.G., } *Joint Secretaries.*

Mr. W. A. ROBINSON,
Assistant Secretary.

ALSO PRESENT:

The Right Honourable D. LLOYD GEORGE, M.P., President of the Board of Trade.

Mr. H. LLEWELLYN SMITH, C.B., Permanent Secretary to the Board of Trade.

Mr. A. WILSON FOX, C.B., Comptroller-General of the Commercial, Statistical, and Labour Departments of the Board of Trade.

The Right Honourable Sir EDWARD GREY, Bart., M.P., Principal Secretary of State for Foreign Affairs.

The Right Honourable SYDNEY BUXTON, M.P., Postmaster-General.

Mr. H. BABINGTON SMITH, C.B., C.S.I., Secretary to the Post Office.

CHAIRMAN: Gentlemen, there are one or two notices which I have received, one of them from Sir Wilfrid Laurier, which Mr. Lloyd George has attended, in order to speak to. As Mr. Lloyd George has to leave, perhaps the Conference will allow that to be mentioned first.

MAIL SERVICE TO AUSTRALIA AND NEW ZEALAND VIA CANADA.

MAIL SERVICE TO AUSTRALIA AND NEW ZEALAND *via* CANADA.

Sir WILFRID LAURIER: Lord Elgin and gentlemen, on different occasions during the present Conference mention has been made of the idea of connecting all parts of the Empire, so far as it can be done, with an improved system of communication; and I said at the last meeting that I would be prepared to lay on the table a resolution, which I now read: "That "in the opinion of this Conference the interests of the Empire demand that "in so far as possible its different portions should be connected by the best "possible means of mail communication, travel, and transportation; that to "this end steps should immediately be taken to establish a fast service from "Great Britain to Canada, and through Canada to Australia and New Zealand, "and also to China and Japan; that such service upon the Atlantic Ocean "should be carried on by means of steamships, equal in speed and character "to the best now in existence, and upon the Pacific Ocean by steamships of a "speed of not less than 18 knots, and in other respects as nearly equal to the "Atlantic ships as circumstances will permit; that for the purpose of carrying "the above project into effect, such financial support as may be necessary "should be contributed by Great Britain, Canada, Australia, and New "Zealand in equitable proportions."

The resolution I have now the honour to submit to the Conference resolves itself into two parts: the part which affects the Atlantic Ocean and the part which affects the Pacific Ocean. At the present time Great Britain has a mail service between the United Kingdom and New York of a very high character. We have a mail service also between Canada and Great Britain not aided by the British Government. If we had on the Atlantic Ocean

between Canada and Great Britain a mail service equal in speed and character to the service now in existence between England and New York, there is no doubt, and there can be no doubt at all, that we would save in the journey at least two days, or about two days, inasmuch as we have an advantage in our favour in distance of nearly 900 miles. Taking the figures between Liverpool and New York and Liverpool and Halifax, the distance in our favour, I think, is exactly 882 miles, or in the neighbourhood of 900 miles. Therefore, it follows, as a thing which cannot be disputed, that if we have a service of equal speed, and offering the same advantages and inducements as the service which now plies between New York and Liverpool, we would save in distance to be travelled at least two days. The actual miles between Liverpool and Halifax are exactly 2,342. The distance between Liverpool and Quebec, which might be the summer route by way of the Strait of Belle Isle, is 2,636 miles. The distance between Liverpool and Vancouver by way of Halifax is 6,004 miles ; the distance from Liverpool to Vancouver viâ Quebec is 5,330 ; it is a little shorter viâ Quebec. Halifax is nearer than Quebec from Liverpool. I do not think there can be any dispute but that a great advantage would be derived and easily a service could be made in eight days —four days on the Atlantic, and four days crossing the Continent or probably less.

Sir WILLIAM LYNE: That is to Vancouver.

Sir WILFRID LAURIER: Yes, to Vancouver. As to this proposition I do not apprehend that there can be any two views upon the subject. The facts cannot be disputed that a service can be abbreviated and very much shortened by using the line from England to Halifax in preference to the line from England to New York.

With regard to the Pacific Ocean, in the motion which I have proposed I say that the object we should have in view should be to establish a steamship service of at least 18 knots. If this be accepted, the distance between Vancouver and, say, Sydney, taking that as an objective point, would be 6,818 knots.

Sir WILLIAM LYNE: That is leaving out New Zealand.

Sir WILFRID LAURIER: I take Sydney as an objective point. The figures might be modified with regard to the different ports. The distance would be 6,818 knots to Sydney. The distance could be covered in 16 days, and therefore we should have between England and Sydney a service of about 24 days—four days across the Atlantic, four days across the Continent, and 16 days on the Pacific Ocean.

Mr. LLOYD GEORGE: How many miles to New Zealand?

Sir WILFRID LAURIER: A little less—about 300 miles less.

Mr. LLOYD GEORGE: That would make it about 23 days.

Sir WILFRID LAURIER: The only objection I see to the plan which I now propose, as far as the Pacific Ocean is concerned, is having at once a service of 18 knots. I think it is an object, however, which should be kept in mind, as a goal to be striven to. I do not say that it would be possible to have it in operation immediately, but the proposition that I lay before the

Conference is that it is a goal which you should endeavour to reach to have a service of 18 knots on the Pacific Ocean. If you can accomplish that service of 18 knots on the Pacific Ocean there is no doubt whatever—the thing is mathematical—that you can have between England and Australia a service of 25 days, which is far in advance of anything we have at the present time. Of course, it requires some money. This thing cannot be done without we have more expenditure. No line could undertake such a service as that unless it had a liberal subsidy from the Governments concerned. What should be the proportions of the different Governments interested in this, is a question, which, at this moment, I would not be prepared to venture any opinion upon. In the resolution which I have submitted, I simply say that the service ought to be supported in not equal but equitable shares. I am prepared to say that the Government of Canada would have to contribute liberally, perhaps more liberally than the others, because it would have to contribute to both sides, both the Pacific and the Atlantic. Therefore, Lord Elgin, I submit this resolution to the favourable consideration of the Conference.

Mr. DEAKIN : My Lord, I am very glad that this proposition has been submitted by the Prime Minister of Canada, and feel sure that the Commonwealth would look upon it with the utmost sympathy, even if it went no further than studying the interests of Canada itself in her Atlantic service, although that is not a matter on which we are entitled to speak. It appears to us manifest that the Canadian position cannot be secured, or its claim as a part of the Empire fully recognised, until it is enabled to meet its formidable competitor to the south with a means of communication equal to that which is supplied to New York. We recognise that, and sympathise with every effort which may be made to give effect to it.

But, of course, the interest of Australia in the Pacific trade might be as great as that of Canada is in getting its direct communication if we can foresee the possibility of obtaining such a service as Sir Wilfrid has referred to, on terms that the Commonwealth could afford to face. It would mean so great a reduction of the time at present occupied that it would be invaluable for a mail service. Our difficulty is that we can scarcely see how with vessels of that speed with the freight charges which they would make, and with the double task of transhipment involved by a railway journey between two lines of mail steamers, it could ever become a cargo line.

Mr. LLOYD GEORGE : That is one of the questions I wanted to put.

Mr. DEAKIN : The goods you send to us are goods of bulk and weight, and when our ships face foreign competitors, especially those subsidised, the competition becomes very keen. Certainly, British goods could not afford to pay mail freight, except for small, exceptional, or light parcels. In the same way the raw materials we send to you are even more bulky. The charges on two transhipments put them out of the category of possible trade. This would, therefore, be for us a fast passenger and mail line of communication, and as such, very valuable. We should welcome it most cordially if it can be financed. The saving of a number of days is a consideration for commercial men who travel or who communicate by post. Consequently, we do not look coldly upon this proposition, though I am bound to say that its economic possibilities on our side are so limited that the subsidies required may be, quite beyond our means. My colleague, in whose Department these questions more immediately are, has made some examination of this proposal.

CHAIRMAN : We should be glad to hear Sir William Lyne.

Mr. DEAKIN: May I add that at present our connection with this country is by the alternative routes round the Cape or through the Suez Canal? These are our principal routes and must always remain our great cargo routes because there is no transhipment.

Mr. LLOYD GEORGE: And, from the point of view of developing trade, they are much more important.

Mr. DEAKIN: Yes, much more important, except so far as our trade can be assisted by quicker mail and passenger communication. Our principal routes must remain in the other direction. We also are even at this moment endeavouring to obtain a swifter means of communication through the Canal, and swifter transit around the Cape. It will be, I presume, a part of the policy of the British Government, so far as financial considerations permit and business opportunities justify, to encourage an all-round route—the half which goes through America and the other half which goes either round the Cape or through the Canal. As the Antipodes are reached whether you go east or west, we are interested in the development of this proposal made to you by Sir Wilfrid Laurier. We are also interested in the development of our existing means of communication which go east instead of west, and trust that practicable projects relating to both of them will be submitted by and to His Majesty's Government in due course.

Sir WILLIAM LYNE: My Lord and gentlemen, this route has been advocated very often in Australia. It is known to us as "the all-red route" being through British territory all the way, and it is very much desired that we should get it, but I am afraid, with my Prime Minister, that the subsidy would have to be very large. I have had the matter submitted to me, and have made calculations, and, as far as I can gather with the stoppages that would be necessary, you could not reach Australia with an 18-knot service under 30 days, that is, if you go viâ New Zealand. That is a consideration, because, of course, New Zealand would be expected and asked to add to the subsidy, and, I think Sir Joseph Ward would like the service to go viâ New Zealand. It is roundly 8,000 knots from Vancouver viâ New Zealand to Sydney, and the distance was given just now of 6,800 knots if you leave New Zealand out. I look at it from a practical standpoint. I think eight days from Liverpool to Vancouver is a short time. Four days by water from here and four days by rail. I am not a judge of that, but it strikes me as being short. When you leave Vancouver you have to call about four times, I think, before you get to Sydney, and you cannot stop without wasting time or losing time. If you take the distance direct you could do it viâ New Zealand in 27 days, but if you take the stoppages I think it would take you 30 days. To be of service it should not take much more than three weeks. It is just a question as to how much money would be required to enable a company to do it. The trade is not great at present. I hope it will grow. When the line was first started between Sydney and Vancouver the trade was nothing. That has grown considerably, but not as much as we could wish, and though I am satisfied with the Prime Minister that the Commonwealth Parliament would look favourably at this question, it is all a matter of practical results. As for as I can gather from the resolution proposed by Sir Wilfrid Laurier, I cannot see any harm in it, because it is a matter to be desired and a question to be inquired into. Of course, Canada would receive the greater benefit by getting a fast service from Liverpool, and would be prepared, I suppose, to pay a larger proportion of subsidy. I just wish to put clearly before the Conference, that 30 days at 18 knots is about what it would take to go viâ New Zealand. I had a letter from one of the leading companies

this morning in which they say the last 3 knots would just double the consumption of coal, or very nearly, which is a very great item.

Sir JOSEPH WARD: Lord Elgin and gentlemen, I am a little disappointed, I candidly say, at the suggested speed of this line of steamers as outlined by my friend, Sir Wilfrid Laurier. I think it is too slow. If we want to do something really practical in this matter, we want to recognise what the existing condition of matters until a short time ago has been from the standpoint of the furthermost of the British countries affected. There is a route now from New Zealand to London viâ San Francisco by the American route which we used for many years. This suggestion now made is to practically give us about the same time to London viâ Canada that we have been enjoying from New Zealand for a long period of years viâ San Francisco. It has been quite a common matter for mails to reach London from New Zealand in 27 or 28 days and *vice versâ*. If we are, and I am sure we are, practically sincere and anxious to bring into very much closer touch all portions of the outlying colonies, we ought to have some improvement upon what has been in existence for quite a number of years. From the standpoint of New Zealand, although we are quite willing to come into this matter in order to have an effective service, if it is going to be only equal to what we have been getting with comparatively a small subsidy from our country, then from our point of view we are not going to get ahead very far. Sir Wilfrid Laurier is very anxious I know to bring about an improved service, and I want New Zealand to help to the utmost capacity. I attach the greatest importance to speed and efficiency. I went from this country specially in 1895 to Ottawa to interview the then Government in Canada in order to have a mail contract entered into between New Zealand and Canada viâ Vancouver to give us that alternative route as against the American one. We wanted to have the Vancouver one all through the piece, and we entered into the contract at that time for a very suitable service, but unfortunately difficulties with the contractors supervened, and that service was for various reasons withdrawn from New Zealand and transferred to Queensland, and that rendered the service from New Zealand to Canada, and Canada to England impracticable. If we are prepared only to give a moderate subsidy towards obtaining such a service as suggested here, then I admit the possibilities of getting a fast service are very remote. My idea was, and is now, that New Zealand at all events should give an incomparably larger sum than it has ever given for the purpose of bringing it closer to England. We have had the authority of Parliament of 40,000*l*. a year for years past; that is 20,000*l*. each to the one viâ Vancouver and the one viâ San Francisco. I am prepared to say that our country would be prepared to go to 100,000*l*. a year without a moment's hesitation in order to get a fast service across the Pacific and through Canada across the Atlantic if it were one of say twenty days or three weeks. But I want more than 18 knots an hour and I will give my reasons. This proposal ought to be divided into two; first there should be an effort made to get a fast service from the English coast to Canada, and that service ought to be a 22-knot service at least.

Sir WILFRID LAURIER: 24.

Sir JOSEPH WARD: Or for preference a 24-knot service. You get steamers now running from here to New York which do the journey right through frequently at 21 knots an hour over the whole passage. I went across nearly at 22 knots myself 12 years ago. It is only a question of money whether you can get a speed of the kind. It is admitted and must be conceded from the steamship owners' point of view, that to have a 23-knot or even 24-knot service to Canada with a number of days when the steamer has to provide for coaling and incidental attendance to machinery is quite within

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(Sir Joseph Ward.)

the bounds of possibility, and there is no difficulty provided you like to pay enough money for it. Conceive the possibility of that service being carried across at 23 knots an hour. That brings Canada and England within four days of one another. Beyond all doubt we are quite prepared to give our proportion for such a service on the Pacific between Canada and New Zealand so as to make the other portion of the link between the Colonies and the Old World. Sir Wilfrid Laurier has said, and I have heard it said by other Canadian gentlemen well-informed too, that it is quite possible to do the Canadian journey across that continent by rail in four days. That makes eight days from England to Vancouver. Now, come to the question of the Pacific. I may be taking too sanguine a view of it, but I base all my remarks upon the one potential factor, that if you want to have this close connection you must pay sufficient money for steamers of large tonnage—passenger and mail steamers only, I should say, except for the purpose of carrying certain cargo between Canada, Australia, and New Zealand. To expect it to be used for a cargo service throughout, from Australia and New Zealand across Canada to England is to expect what is not possible. I do not contemplate it will ever be possible to carry cargo across the Canadian continent and tranship it at both ends. For ordinary cargo purposes, we ought from a practical, common-sense, business standpoint, to rely for transport, as every country in the world does, on tramps, keeping them quite distinct from a passenger and mail service. Between Australia and England the great proportion of cargo coming from there is carried by cargo steamers—tramps. It is quite true the great liners provide a certain amount of cold storage for perishable products, but they carry only a limited quantity of cargo. If we are going to mix up the two systems, and try, as it were, to call for the moon by expecting to have a cargo service, and a fast passenger service across the Atlantic, across Canada, and the Pacific all in one, we might as well agree to abandon it altogether and let it go. It is not possible to bring about anything practical in that way at all. I apply my remarks, first of all, to providing a large subsidy which is essential, and which I think the countries ought to be prepared to pay if they want to do something practical. Then, next come the possibilities across the Pacific; the distance from Vancouver to Wellington is 6,589 miles, to Auckland it is 279 miles less. If this Vancouver service is carried out I am sure Australia has the sentiment, and we have it too, that we ought to remove every element of parochialism of every possible kind, and should establish a service which is the swiftest and best for the whole of us. If this service, as is indicated here, is to go to Sydney first, and then on to New Zealand from England, we would not give anything whatever to it. I say that very frankly, because that would be putting the cart before the horse. The nearest country from Vancouver is New Zealand, and the first touched at ought to be the country which is nearest, and then it should pass on to the other country, which is to have the first turn coming backwards from Australia to Vancouver, and which would be the first place to receive benefits of that kind. It should only touch at New Zealand, Sydney remaining the terminal port, and getting all the benefits of the terminal business, and the employment of labour supplying provisions attendant upon it. If you want this service to be a success, the only country the boats should touch first is the country *en route* either going or coming. I want to discuss the possibilities from a New Zealand point of view, because we have an alternative, and that alternative I should reluctantly carry out on behalf of our country, that is, to put our money down and run a service viâ San Francisco. Unless the British Government, Canada, and Australia recognise the position in which New Zealand is, that we are a growing country and an important country, though a smaller country than some of the others, we cannot afford as a developing country and a progressing country to be kept at a great distance from England, owing to our circumstances

as to geographical position. We cannot allow that condition of matters to exist. I am making my own position clear and not presuming to suggest what anybody else thinks, but from the point of view of New Zealand, in order to approach this from the practical point of the usefulness to England to Canada and to New Zealand, and to Australia, too, the route for that service distinctly from the Pacific side would be shorter from Vancouver to Auckland, which, as I say, is nearly 300 miles shorter than the distance stated in *this* chart furnished here. It is about 6,300 miles to Auckland from Vancouver. The contractors at their option would call at either Wellington or Auckland. I approach it from the standpoint that we must have New Zealand as one of the intermediate ports for touching at only, that is, steamers would remain there half-a-dozen hours as has been the case all along with the San Francisco mail steamers. We gave the major portion of the subsidy to that service, and Australia, Sydney especially, got the full benefit of it, being a terminal port, and giving a very small amount of subsidy towards it. That position we recognised as unavoidable.

Now coming to the question of the speed across the Pacific, there are two touching places for coaling. From Vancouver to Honolulu, with a service such as we are contemplating here, would be done under three days.

Dr. JAMESON: You are limiting your remarks to a fast mail service, nothing to do with cargo at all?

Sir JOSEPH WARD: Yes, I said we require cargo to be carried by tramps. This is a fast mail service—a passenger service with a fast speed, such as, if we gave a large contribution from our country, we should expect. For coaling purposes and for the necessities of carrying on a big steamship service, Honolulu is within three days steam of Vancouver. It is only four days under the existing service from San Francisco to Honolulu with the ordinary steamers trading there, and only four days when the San Francisco steamers were running to New Zealand. The next point is from Honolulu to Suva, which is the other place they would touch at. That would be about six days with the high speed I am talking of. It was done in seven or eight days with the mail steamers that were engaged.

Sir WILFRID LAURIER: At what speed?

Sir JOSEPH WARD: Only 15 or 16 knots. Then from Suva to New Zealand would be well under three days. The coaling places referred to by Sir William Lyne, which is the all-important element from a steamship point of view, are within easy distance for fast steamers which require coal at intervals, and require a few hours' rest at intervals for machinery purposes. The question arises what speed is a steamer to put into operation to cross the Pacific? While Sir Wilfrid Laurier was speaking, I was looking into the matter and I find that with under a 22-knot service—only a little over 21 knots—the whole business from Vancouver to New Zealand could be done in practically 13 days. The whole point comes back to this: Are you looking at the Pacific Ocean as a long sheet of water upon which a steamer is supposed to be coaled up to the eyes, and prepared up to the hilt to do a 6,000 mile journey without any assistance whatever in the way of coaling facilities?

Sir WILFRID LAURIER: You can only stop at Honolulu for coal.

Sir JOSEPH WARD: And at Suva, which is within six days steam from Honolulu. It is the stopping point now from Honolulu, and so you get a coaling depôt at Honolulu, and a depôt at Suva, and a coaling depôt at Auckland. Now, our steamers do it in 3 days 3 hours from Auckland to Sydney, which is quite common. With a steamer of the speed I am speaking of, they would do it under three days quite easily.

(Sir Joseph Ward.)

We come to the point of the project of bringing the outlying possessions into touch. This is all-important. We have been talking about emigration schemes and of subscribing large sums of money for the purpose of assisting emigrants going from the British Islands out to Canada, Australia, and New Zealand. If you gave them the opportunity of third-class accommodation at low rates upon those steamers of going with this speed to these countries it would be a good thing. Canada has the inestimable advantage of being very much closer in that respect, and to some extent it would minimise its importance to them, but speed, of course, is a very important element to Canada. From our point of view, instead of spending anything for emigration, we would one hundred thousand times rather give it as a matter of practical business to a fast service to bring our countries within three weeks of London. Supposing this service were to cost probably 300,000*l.* or 400,000*l.* a year by way of subsidy.

Mr. LLOYD GEORGE: Do you mean in the aggregate?

Sir JOSEPH WARD: Yes, between the whole of us.

Mr. LLOYD GEORGE: Not with a 20-knot service. I am afraid that does not agree with my information.

Sir JOSEPH WARD: To-day you have got running, and for many years have had running, from London to Australia through the Suez Canal, a weekly steamship service between two lines of steamers, a fortnightly one by each company, and by that route as far as your subsidies went, for under 180,000*l.* a year. Australia has entered into a contract, I understand, for less.

Mr. LLOYD GEORGE: There is a pretty big trade there—that is the difference.

Sir JOSEPH WARD: Well, it is a passenger and mail service—there is very little cargo.

Sir WILLIAM LYNE: And a weekly trade.

Sir JOSEPH WARD: A weekly trade. I understand a contract has been entered into by Australia for 125,000*l.* a year, I do not know whether I am right in the figures.

Mr. DEAKIN: That was the figure, 125,000*l.*

Sir JOSEPH WARD: If we are going to aim at getting something superior in the way of speed to bring these countries together you cannot hope to get a fast service unless you pay for it.

Mr. LLOYD GEORGE: How many knots would that be? Is not that a 15 knots service?

Sir JOSEPH WARD: The new service?

Mr. LLOYD GEORGE: No. The service you are referring to now, that we are subsidising through the Suez Canal.

Sir JOSEPH WARD: They run about 15 knots, I believe.

Mr. LLOYD GEORGE : Yes, and increasing it to 18 knots would make an enormous difference.

Sir JOSEPH WARD : If you are going to pay 250,000*l.* a year, and if the other countries coming in pay another 100,000 a year, in my opinion it would be worth it.

Mr. LLOYD GEORGE : I agree, if it is only that.

Sir JOSEPH WARD : To bring the countries together as a matter of business you want to carry out a feasible scheme. If these steamers running out to Australia should run out to Vancouver and back again on a 15-knot service I would not give twopence towards it ; I would just as soon travel by our direct cargo steamers, if I were going home as a matter of speed. From a New Zealand standpoint, I would not be prepared to put down any money for a slow service. These powerful self-governing countries are prepared to do something and we want Britain to join, which would enable us to come within three weeks of London. For my part, I should be exceedingly glad to see the proposal made in the direction Sir Wilfrid Laurier is urging, but with an effort to greater speed to both between England and Canada, and Canada, Australia, and New Zealand. I know the obligations upon Australia for other services are greater than ours, and make them necessarily consider whether they can afford to give large sums of money to another service running at a high speed. One can thoroughly understand that as being a reasonable view to take, but the advantages all round to them would be very great, and it is at all events worthy of consideration. You cannot tell what the steamship competitors would be prepared to do. If we were to pass at this Conference a resolution inviting offers, say, for a service to run from England to Canada, to Quebec or Halifax, whichever alternative you like, in summer or winter, and make it a condition that the speed was to be 23 knots an hour, and ask tenders for it, and do the same thing on the Pacific side, I should go straight for a 21-knot service there, and find out what amount of subsidy was required for it. I have got sufficient knowledge of the whole proposition to realise that you cannot get a fast service like this even with the coaling depôts available at short distances, unless you are prepared to pay a large subsidy for it. What is a few hundred thousand a year to Great Britain, Canada, Australia, and New Zealand in order to get something of the kind when you consider the advantages to be obtained ?

Sir WILLIAM LYNE : What additional amount do you think a 20-knot service means ?

Sir JOSEPH WARD : I should think 300,000*l.* a year, by comparison with anything you have done for Australia now, including the Canadian side.

Mr. DEAKIN : You can easily test this question by inviting offers for services at 18, 19, 20, 21, 22, 23, and 24 knots.

Sir JOSEPH WARD : This matter of a route across to Vancouver we have been urging on for many years. I have been at it for 17 or 18 years personally. Every opportunity I have had I have been talking about improving the service across to Vancouver. I took the trouble 12 years ago to go straight from London to Canada for the purpose of interviewing the Canadian Government to get a contract signed. I got it signed and took it back to New Zealand, but where we are going to be landed, as far as New Zealand is concerned, in the absence of united action is that the

"all red route" which we prefer would have to be given up, and the alternative for New Zealand will be to go viâ America. The American service has only ceased at the moment because of the difficulties which cropped up consequent upon the earthquake in San Francisco. It is the fastest way we have from New Zealand. It is the shortest route under any conditions.

Mr. LLOYD GEORGE : What knot service is it ?

(Sir Joseph Ward.)

Sir JOSEPH WARD : Only a 15 or 16 knot service. I went back myself from here to New Zealand and landed in New Zealand in 28 days, or rather, I should have done so if I had left here two days later. I went on two days ahead from England, and the mails were landed in 28 days by that route. Our alternative, in order to bring us close to the Old Country from the standpoint of the nearest route, is to join with the United States Government and to pay sufficient money to have an up-to-date line of steamers put on from San Francisco to Auckland. We would get a faster route than we are getting here, but as that service is at the moment stopped we ought to try and secure the "all red route" and help our people to come through Canada and help Britain to have that route through Canada, and on to Australia, and New Zealand. I say it is infinitely preferable for us to put our minds upon that and come together and offer a larger subsidy to have a fast route for mails and passengers across Canada and the Pacific, and if we do that we do one of the finest things for the Empire.

Sir JAMES MACKAY : A service once in four weeks ?

Sir JOSEPH WARD : The one across America has been a three-weekly service. I am suggesting now a fortnightly service.

Sir JAMES MACKAY : For 300,000*l.* a year ?

Sir JOSEPH WARD : 300,000*l.*, or whatever it may be. Speaking from the New Zealand standpoint we are not going to remain a fifth wheel to a coach in the matter of giving our money to support a line of steamers as is supported by Britain and Australia at the present moment, which are slow, for the purpose we desire ; that is the 15-knot service out through the Suez Canal. That is used by our passengers very largely, and for mail services, but it is keeping us comparatively in the back woods, and we are not going to continue to give our money directly or indirectly to a slow service by the P. and O. and the Orient or any other line, and allow ourselves to remain in the position of being kept nearly six weeks from England, when, at this age of steam development, we know it is quite possible to get here, under improved conditions, in about three weeks. So, what I urge is. that we ought to achieve a really fast service by the best route of the lot, from the passenger point of view. The view was put forward by Sir Wilfrid Laurier that the service should also go to China and Japan. It is one of the finest things possible. They have a line of steamers now from Vancouver to the East—the Empress line—which has done a good deal to divert passenger trade through Canada from England. If you want a large diversion of trade go for larger and faster steamers on that route and you will change the direction of the traffic from the East, which is now filtering through the Suez Canal, with all its high charges and imposts. If you want to bring about a revolution and a complete reformation in the transport of people. then help Canada to get this fast service to the East, viâ Vancouver, and you get an "all red route" there also. But from the point of view of New Zealand, I only want to make it as clear as I possibly can that

we never contemplated doing a cargo business across Canada. We want to help the transport of passengers and mails that way, and get them to and from England as fast as possible by that route. As far as cargo is concerned, any man doing business in the Colonies can make his own arrangements. He does not want any assistance by way of subsidy. What he wants is to get some of the charges upon the tramp steamers taken off on the Suez Canal, which is quite a different thing to giving him the benefit of that shorter route available. We do not want a subsidy for cargo steamers. Canada and New Zealand, at the moment, in order to give our people an opportunity of working up trade, are giving 20,000*l.* a year for tramp steamers—10,000*l.* each. It is not a satisfactory thing from our point of view or the Canadian point of view, but we do it in order to give our people a chance of working up a trade. Once trade develops that subsidy will be withdrawn, and the cargo steamers will have to work out their own destiny, as everywhere else, without the material assistance of subsidies.

But if we want to do a great thing for Great Britain and the outlying British countries, let us be prepared to pay the necessary money for it, and bend our efforts to bringing these countries into close touch with England, which can be done provided we are prepared to pay enough for it. If we are not prepared to pay for it, we cannot expect to do it at all. I support the resolution of Sir Wilfrid Laurier because it is in the right direction; but I would ask him to alter it in the direction of inviting tenders, and to provide for faster speed, and let us have the assurance from the British Government that they will help us.

Sir WILFRID LAURIER: I have no objection to making some such alteration.

Mr. LLOYD GEORGE: Before altering the resolution, perhaps you will hear what I have to say as I have one or two suggestions to make.

Dr. JAMESON: Lord Elgin and gentlemen, this proposal does not directly affect us at all, but purely Australia, Canada, New Zealand, and the United Kingdom; but what does alarm one a little is Sir Joseph Ward's suggestion that unless something of the kind is done the "all red route" goes and we fall back on San Francisco.

Sir JOSEPH WARD: We must, it is our only alternative.

Dr. JAMESON: Yes; these things are often done better piece-meal. I should have thought it was better for Canada to get a better service with the United Kingdom so as to compete with the United States. Sir Wilfrid Laurier dealt with a service between the United Kingdom and Canada. Then there is no reason afterwards for the alternative that Sir Joseph Ward put forward as between San Francisco and Vancouver. If you once had a fast service to Canada, and through Canada, then it might be a question of dealing with the second proposition as to whether a fast line should go across the Pacific to Australia and New Zealand. As to whether it goes to Australia or New Zealand first, that is a further question to be argued and settled, but in the meantime you avoid that horrid possibility of abandoning the "all red route" and entering into an arrangement from San Francisco. If Canada got what is suggested by Sir Wilfrid Laurier, a 24-knot service to Canada, then you begin on the other side to negotiate 15 knots, either 15, 18, or up to 20 knots, in the Pacific.

Sir JOSEPH WARD: Under the idea which New Zealand has, and which I am strongly impressed with myself—and nothing that I know of

so far could change me from it—I know under the mail arrangements we want to carry out that it is a necessity that Sydney should be the terminal port for the steamers. That is right. That means steamers must wait there a week or more for the purpose of overhauling and all kinds of things, and from the point of view of an effective mail service viâ Vancouver, New Zealand must be the point first touched at on the outward route, because they have to wait so long when they get to Sydney for all the attendant work required on the steamer. So, of necessity, in any route we are considering, and any proposal, if you want to carry it out practically, you must link New Zealand as the first port outward from Vancouver; otherwise, as far as we are concerned, we have to wait for seven or eight days after the steamer has been to Sydney.

Sir WILLIAM LYNE: Could it not be done by a branch service from Fiji?

Sir JOSEPH WARD: No, that means another transhipment, and people will not stand it in these times.

Dr. JAMESON: That is just the point it must come to, practically, in plain language, between Australia and New Zealand as to which gets the service first. I should like to see that dealt with later on, so as not to prejudice the Canadian suggestion as to a fast service practically from England to Vancouver.

Mr. DEAKIN: I do not controvert what Sir Joseph Ward has said at all, but my allusion to it simply pointed to the fact that if your steamers do not carry cargo you have to give them a larger subsidy.

Mr. LLOYD GEORGE: Especially for a very fast line of steamers.

Sir WILLIAM LYNE: I think in New South Wales we transferred the subsidy from Queensland to the Vancouver service to help us, and we have refused to support Speckles, who is the owner of the American line, two or three times during the last few years. To support the Vancouver route we gave all we could to that route instead.

Sir JOSEPH WARD: We have offered to give the same amount all through the piece to Vancouver. We have for years paid the money for San Francisco, because it was the only line we could get. If we were driven into the same position we would have to do it again.

Mr. LLOYD GEORGE: Lord Elgin and gentlemen, I am very glad Sir Wilfrid Laurier has brought forward a proposal which we can examine without coming into conflict with any popular mandate and highly controversial topics like the fiscal question. I am only sorry that we did not get this in time to enable us to give real consideration to it, and to enable us also to put forward considered views before the Conference. The first I saw of this scheme was yesterday. I think I saw the resolution last night, and the resolution which is placed on the paper to-day is different in one or two material particulars. We have done our best in the very short time which has been placed at our disposal for considering such a very important business proposition, and we have made some inquiries with regard to it.

Even this discussion has shown what a very difficult problem it is, and what a many-sided problem it is. You have to consider a good many things. You have to consider the best route. As to the desirability of bringing New

Zealand and Australia nearer to the Mother Country, there can be no doubt at all, and we shall, as far as the Government are concerned, adopt the first three lines of Sir Wilfrid Laurier's resolution by way of establishing our agreement with the general proposition. But it is a matter that has to be gone into very carefully, and here I agree with Mr. Deakin, that it is a matter which ought to be gone into very carefully by experts. It is a question as to the best route. It is a question as to what it would cost. Even such a very desirable object as that which has been foreshadowed by Sir Wilfrid Laurier, might cost a sum which would be absolutely prohibitive. I have been told, for instance, that a very fast service from Vancouver to New Zealand would cost such a large sum of money, that it would be quite beyond anything that you could possibly expect either the New Zealand Government, the Canadian Government or the Imperial Government to face. That is a matter that should be examined, I think, by experts. What we suggest is that we should at once proceed to examine the proposal and any other proposals that may be put forward, because there is an alternative I understand, which will be suggested by Australia with regard to the Suez Canal route. I think they all ought to be considered, and considered practically by the same body.

Sir JOSEPH WARD: What is the alternative?

Mr. DEAKIN: It is not an alternative. We need both the eastern and western routes, so that there is no alternative from an Australian point of view.

Sir WILFRID LAURIER: I never understood it to be an alternative but a matter to be considered by itself.

Mr. LLOYD GEORGE: These are the very few alterations we propose to suggest in Sir Wilfrid Laurier's resolution. We propose to leave in all about the Canadian service and put that as the foremost object, as it is the first scheme placed before the Conference; and we propose also to recommend that we should inquire into other schemes which may be later tabled by other Governments.

Mr. DEAKIN: The proposal submitted by New Zealand is for a fortnightly service. We require a weekly service. One service could come this way one week and the second by the other route on the alternate week.

Mr. LLOYD GEORGE: We cannot examine it apart from the question of the carriage of goods, too. We must take that into account. It is not only a matter of a fast mail service, but also a question of the cheaper transport of goods and materials from the Colonies. I consider that to be a very important item, so far as we are concerned.

Then we cannot altogether overlook the fact that the Panama Canal will make a very material alteration in the whole problem of communication with Australia and New Zealand. The Canal will probably be open within the next 10 years. When you are framing a scheme of this kind you cannot overlook the effect which the Panama Canal must necessarily have on the whole problem. It will probably revolutionise the whole question of communication with the southern seas, as the Suez Canal revolutionised the whole problem of communication with the East. That has to be considered.

What we suggest is something to this effect. We adopt the first three lines of Sir Wilfrid Laurier's resolution, and put in the word "practicable" instead of "possible," but that alteration is merely verbal, suggested because

the word "possible" occurs later on. This part of the Resolution would therefore read: "That in the opinion of this Conference the interests "of the Empire demand that in so far as practicable its different portions "should be connected by the best possible means of mail communication, "travel, and transportation." To that we agree. We then propose to continue as follows: "That to this end the various Governments concerned "should initiate concerted inquiry into the proposal submitted to the "Conference for establishing a fast service from Great Britain to Canada, "and through Canada to Australia and New Zealand, and the financial "support which would be necessary for the purpose of maintaining such "a service, and also into any other proposals for similar purposes which "may be submitted by any of the Governments concerned." That is what I propose to submit to the Conference, and that will enable us to go into the whole question of time that will be consumed, and the question not merely of the money to be required, but also of the contributions which may be expected from each of the respective contracting States. All these practical questions could be thoroughly sifted and scrutinised, and I do not see why any time should be lost, and why experts should not be appointed before the Premiers leave London now, and why they should not proceed at once to examine into the matter and take evidence. That is the proposal which the Imperial Government put forward.

Sir WILFRID LAURIER: Lord Elgin and gentlemen, I am quite pleased with the general acceptance which this proposal has received, and still more pleased that so far as New Zealand is concerned the only criticism offered by Sir Joseph Ward is that the proposal is too limited in its scope. The proposal which I submitted is in these words, "that such service upon "the Atlantic Ocean should be carried out by means of steamers equal in "speed and character to the best now in existence." We cannot do anything more with regard to improving our communication with Canada than to have a service equal to the best that is now in existence between New York and England. So far, I think, it requires no expert knowledge or evidence at all. If you are not prepared to do that, then it is blocking the whole system.

Mr. LLOYD GEORGE: Between England and Halifax—that is a different matter, I agree.

Sir WILFRID LAURIER: With regard to the Pacific, I limited my proposal to an 18-knot service. I have looked into the matter the last few days, and I find in conversation with some people interested in this service that at this moment it would be very difficult to have more than 18 knots. I agree with Sir Joseph Ward if we could have something better it would be well to do so, and if it can be done by spending money, I may say on behalf of the Government of Canada, that we are prepared to go as far as any Governments here interested in overcoming the difficulties. If agreeable to Sir Joseph Ward, I will amend my proposition in this way. "That such "service upon the Atlantic Ocean should be carried on by means of steamships "equal in speed and character to the best now in existence, and upon the "Pacific ocean by steamships of a speed and character as nearly equal to the "Atlantic ships as circumstances would permit." Would you accept that, Sir Joseph?

Sir JOSEPH WARD: Quite so.

Sir WILFRID LAURIER: I would limit it in this way, but if Mr. Lloyd George would permit me to say so, I do not think it is a question of experts in this matter, but a question of policy. We want to have an "all red route,"

as it has been very happily termed in Australia over British territory absolutely. If that be the case it requires no experts at all.

Mr. LLOYD GEORGE: For cost, surely?

Sir WILFRID LAURIER: If you have a company in which you would have such a man as Lord Strathcona, who will undertake it for such a sum, you will have to determine whether you are prepared to pay the sum or not. No expert would be required there. If you found a Company on the Atlantic Ocean who would be prepared to put down their money for such a service provided they get a subsidy. Five years ago you gave a subsidy to the Cunard Company for the service between Great Britain and New York. I think it it would have been far better if it had been given to a line to Canada but it is no use going into that now.

With this amendment that I have made you have two proposals before you; one with regard to the Atlantic service, and one with regard to the Pacific service. With regard to the Atlantic service, what we want to have is a service equal to the best now in existence in the world; that requires no expert knowledge, but it is a question of policy, shall or shall we not have it? If we want to have it we must pay for it. No company will undertake such a service without a liberal subsidy. The only question, therefore, is, will you do it, and be prepared to pay the price which is reasonable for it?

As to the second question, the Pacific service, I limit it according to the suggestion of Sir Joseph Ward, to say we are prepared to back a service as nearly equal in speed and character to the Atlantic ships as circumstances will permit. Here again, there is no necessity for experts; it is a question of policy, shall you or shall you not have such a service? That is a question for the Conference to decide and I think you should put the question.

CHAIRMAN: Do you wish it put as it stands?

Sir WILFRID LAURIER: With the amendment.

Sir WILLIAM LYNE: May I say that the wording of that resolution might be misunderstood, the words are "speed and character" as nearly as you can get them to those running across the Atlantic. It does not want such large boats. At the present moment there is a turbine boat running between Melbourne and Launceston at 21 knots, and a boat 1,000 or 2,000 tons larger than that is not a fourth the size of the boats running from here to New York, and it would do that service well and do it much cheaper.

Sir JOSEPH WARD: It says, "speed and character." It does not say size.

Sir WILLIAM LYNE: The character means as nearly as possible like those between here and New York.

Sir WILFRID LAURIER: How would you change it?

Sir WILLIAM LYNE: So that it is clearly understood that they are not ships of the size or anything like the size of those running to New York now. As long as they have the speed, and they are suitable, a ship of 5,000 or 6,000 tons would be quite sufficient.

Sir JOSEPH WARD: We have a similar steamer now running in the Vancouver service in the summer months, owned by New Zealand, the "Maheno."

Sir WILFRID LAURIER : How would this satisfy you : " Of a speed as nearly equal to the Atlantic ships " ?

Sir WILLIAM LYNE : Yes, leaving out character altogether.

Sir WILFRID LAURIER : Yes, I will take out the word " character." I have no objection.

Sir WILLIAM LYNE : There is a steamer of 6,000 tons running across now, but not at that full speed.

Sir JOSEPH WARD : Yes. One more word about this. I should be sorry to support the idea of mixing this up with what experts may think is the best course to follow, because I look upon that simply (although Mr. Lloyd George does not intend it) as having the effect of delaying this before we arrive at any conclusion at all for a considerable period. I think it is infinitely better if we make up our minds to test what is possible here on the suggestion put forth by Sir Wilfrid Laurier—make up our minds what the speed is that we are prepared to have between England and Canada and between Canada and Australia and New Zealand, and then call for tenders for it. Let us fix it as a matter of policy and give it out definitely that we are going to support a service of that kind.

Mr. LLOYD GEORGE : I have said something about experts in my observations, but that is not my proposal. My proposal is really described in the words used by Mr. Deakin in his resolution last week. I used the words " concerted inquiry," and he put " systematic." I do not think it matters. We really cannot pledge ourselves now as to the best means of doing this thing. The resolution has not even been placed on the paper. I do not think it really fair. If it be regarded as a matter of immense practical moment—and I think it is—, I think it would have been fair to the Imperial Government, at any rate, to let us have a copy of the resolution. We have had copies of all the resolutions about fiscal reform, but never a copy of this one practical proposal, which we could have examined. It ought to come before the Cabinet. But we saw this resolution for the first time this morning, and it is really rushing us unfairly, I must say, to ask us to pledge ourselves, not to the general proposition that it is desirable or that we will look into the matter, but to pledge ourselves to the actual route, to a 20-knot service here, a 24-knot service there, and an 18-knot service in another place. Surely that is a thing that ought to be inquired into. The difference in cost between an 18 and a 20-knot service I am told is simply prodigious. The figures given to me were almost prohibitive. Possibly, when we look into it, it may simply have been that a shipowner was trying to frighten us off it ; I cannot say, but the figures were very alarming. To ask us to pledge ourselves to the very smallest detail (because that is what this means) without the slightest further talk amongst ourselves as to the best plan of doing this thing, I really do not think is quite fair to us.

Sir WILFRID LAURIER : The concrete resolution has been placed before you, but the idea has been running in this Conference all through of such an import service as we have been asking for.

Mr. LLOYD GEORGE : I agree.

Sir WILFRID LAURIER : The idea has not only been agitated, but talked about and conferred upon informally for about some three weeks. The

resolution comes in a concrete form to-day, but it has not come as a new idea or subject at all.

Mr. LLOYD GEORGE: Not the general idea, but the actual proposal. Sir Joseph Ward says you have to commit yourself to an 18-knot service here, and a 23-knot service there.

Sir JOSEPH WARD: What I say is this: from the New Zealand standpoint, to-day, we are in this position, that the only mail route which we have for which we give a subsidy to the American Government is stopped. We want to give the benefit of our subsidy to a service through Canada. I do not think it is possible for a service such as we want to be put into effect without the assistance of the British Government. That is the point of view I take up. You are probably right from your point of view. It is believed that I am suggesting too fast a speed for these steamers. We launched a steamer the other day to do a portion of our work in New Zealand, to steam 20 knots, which does not get a penny of subsidy.

(Sir Wilfrid Laurier.)

Mr. LLOYD GEORGE: Where is it running to?

Sir JOSEPH WARD: Between the two islands.

Mr. LLOYD GEORGE: No doubt there is a big trade.

Sir JOSEPH WARD: Yes, it is, though short compared to ocean voyages. I can give you the ocean passage from Australia right across to Vancouver, to which that argument will not apply. We have a steamer belonging to that service that does the journey across at 19 knots, the "Maheno."

Mr. LLOYD GEORGE: Does she run regularly?

Sir JOSEPH WARD: All the summer months, and in winter between Australia and New Zealand. She runs all the time, frequently at 18 knots, and she has averaged over 18 between Australia and New Zealand more than once. That steamer, without any difficulty, could, if required, average over 17 knots.

Mr. LLOYD GEORGE: Here is a scheme which will involve hundreds of thousands of pounds, one way and another. There is a difference between one estimate and another of, perhaps, two or three hundred thousand pounds a year. As far as I can see, you have no estimate of the cost, and we are pledging ourselves to the very route and the very method without even having an estimate of what the scheme may cost. I do not think it is a business-like proposition to ask us to commit ourselves to all the details at the present moment without concerted examination.

Sir JOSEPH WARD: We do not propose to commit ourselves to details either. What we want as a matter of policy is to try to bring our countries closer to the Mother Country.

CHAIRMAN: That is what is done in this resolution.

Sir ROBERT BOND: I would like to ask Sir Wilfrid Laurier if he is wedded to any particular scheme or any particular proposal. I ask that question because the Colony that I represent has already entered into a contract with reputable people in this City for the purpose of carrying out a short line scheme to connect Great Britain with the American Continent by the shortest and fastest route. We have gone so far as to offer a considerable subsidy in cash as well as in lands and minerals, and I should not like to have that proposal excluded from the consideration of His Majesty's Government by any resolution to be proposed here. I understand that the contractors have already approached His Majesty's Government in reference to that matter. If they have not done so, I know they intend doing so, and I now ask that that proposal may receive due consideration, and that the Resolution be so worded as to admit of such.

Sir WILFRID LAURIER: I have not defined it; it may be this or that. We want a good service between England and Canada. As I know, there is a project viâ Newfoundland, but I do not object to that being considered.

CHAIRMAN: I hope the Conference understands that the resolution read by Mr. Lloyd George does not take up the expert view which was objected to. It is an inquiry simply which is desired by concerted action between all the Governments.

Sir WILLIAM LYNE: Really to find out how much money would be required.

Mr. LLOYD GEORGE: How much it would cost and how much each Colony would contribute.

CHAIRMAN: I had better read the two resolutions.

Mr. LLOYD GEORGE: I think it is a great pity we should not arrive at some unanimous decision to enable us to go on with the matter. The two conflicting resolutions will leave the thing quite in the air.

CHAIRMAN: Sir Wilfrid Laurier's resolution, as he proposed it, is: "That in the opinion of this Conference the interests of the Empire demand "that in so far as practicable its different portions should be connected "by the best possible means of mail communication, travel, and trans-"portation."

Mr. DEAKIN: Why not put that part now?

CHAIRMAN: I will read the whole thing.

Sir WILFRID LAURIER: I understand the first is accepted

CHAIRMAN: "That to this end steps should be immediately taken to "establish a fast service from Great Britain to Canada and through Canada "to Australia and New Zealand and also to China and Japan; that such "service upon the Atlantic Ocean should be carried on by means of "steamships equal in speed and character to the best now in existence, and "upon the Pacific Ocean by steamships of a speed as nearly equal to the "Atlantic service as circumstances will permit; that for the purpose of

"carrying the above project into effect such financial support as may be "necessary should be contributed by Great Britain, Canada, Australia, and "New Zealand in equitable proportions." His Majesty's Government suggests that it should run in this way: "That in the opinion of this "Conference the interests of the Empire demand that in so far as practicable "its different portions should be connected by the best possible means of "mail communication, travel, and transportation; that to this end the various "Governments concerned should initiate concerted inquiry into the "proposals submitted to the Conference for establishing a fast service from "Great Britain to Canada, and through Canada to Australia and New "Zealand, and the financial support which will be necessary for the purpose "of maintaining such a service, and also into any other proposals for similar "purposes which may be submitted by any of the Governments concerned." That covers Sir Robert Bond's position, I think.

Sir ROBERT BOND: I think that is preferable to the resolution proposed by Sir Wilfrid Laurier.

Mr. LLOYD GEORGE: That will cover the route to Australia through the Suez Canal.

Sir WILLIAM LYNE: Australia has very little to do with Japan and China.

Mr. LLOYD GEORGE: I know, but that is not part of our proposal.

CHAIRMAN: Do you see your way to accept that, Sir Wilfrid?

Sir WILFRID LAURIER: I am sorry that we cannot agree. I hope we may agree upon something. Perhaps we can after all; it only wants making an effort.

Mr. LLOYD GEORGE: I hope it may be possible.

Sir WILFRID LAURIER: I must ask you at once to limit the inquiry. An inquiry means simply delay.

Mr. LLOYD GEORGE: Then we can go on to propose the method of inquiry.

Sir WILLIAM LYNE: Limit the inquiry as to the time for reporting upon it.

Mr. DEAKIN: Let us do all we can to agree. Perhaps I might occupy a moment with a not irrelevant suggestion which has been made, and as far as I know, not considered, certainly on our side. Sir Joseph Ward has put forward so clearly that it is not necessary to repeat it, the case that can be made for a reduction of the dues in the Suez Canal. It is pointed out to me, on the best information, that those dues are levied on the capacity of the ship —the cargo capacity, whether loaded or not, and the passenger accommodation, whether occupied or not. I understand that the levy on the cargo capacity stands by itself; it measures the capacity of the vessel at its customary standard; but there seems to be force in the contention that it would be a fair thing to suggest that so far as passenger accommodation is concerned,

the dues should be levied only on the amount of that accommodation actually occupied. Trade passing through the Suez Canal varies immensely at different seasons of the year, and the vessels which use the canal regularly require to provide a maximum carrying capacity for passengers. That, as I understand, does not involve a serious addition to the bulk of the vessel, but a larger superstructure and upon this they have to pay for some months of the year when the greater part of it is unoccupied. When the question of the rates in the Suez Canal comes up for consideration and relief is being sought, if it cannot be given to the whole extent and if we are compelled to fall back upon other minor reductions which may be made, surely it is a reasonable thing to propose that, so far as passenger accommodation is concerned, the dues should be paid only on that portion which is actually occupied. Then whatever the steamer received for passenger fares, the Canal would receive its proportionate dues. This would be a considerable relief in some seasons of the year when the passenger traffic is very small. This implies no retention of the cargo dues, but is suggested as the passenger accommodation stands on a different footing. This is one practical way in which a good deal of relief could be given to the vessels using the Canal. They include vessels whose cargo capacity is seldom used to the full, but on that they have to pay, consequently their charges are high. I would be glad if Mr. Lloyd George would be good enough to note that suggestion for consideration. Probably it has reached him before.

Mr. LLOYD GEORGE: Unfortunately, we have no real control, I forget what our holding is—it is something like four-tenths of the whole, but the control is practically in the hands of the shareholders, and His Majesty's Government have no proportionate voice in framing the schedule of rates. That has been our difficulty; in fact, the only thing we could do would be to refund a part of the rates. That would have to be by a contribution from the various Governments affected.

Sir EDWARD GREY: We have had complaints from our own shipowners of the way the dues are levied.

Mr. DEAKIN: I long since wrote despatches asking for a reduction of all the Suez dues, but certainly a preference for British ships would be better secured by remitting the dues on all ships. We could pay them ourselves for our own vessels. For the first proposal you would get support from other nations, because, although their shipping is smaller than ours, they must pay the dues at the same rate.

Sir WILFRID LAURIER: Would this be acceptable to Mr. Lloyd George? I dislike the word "inquiry." "That in the opinion of this "Conference the interests of the Empire demand, that in so far as practicable "its different portions should be connected by the best possible means of mail "communication, travel, and transportation; that to this end it is advisable "that Great Britain should be connected with Canada and through Canada "with Australia and New Zealand by the best service available under "existing circumstances; that for the purpose of carrying the above project "into effect such financial support as may be necessary should be contributed "by Great Britain, Canada, Australia, and New Zealand in equitable "proportions."

Mr. LLOYD GEORGE: What is the difference between that and the first resolution?

Sir WILFRID LAURIER: That it does not call for inquiry "that to "this end the various Governments concerned should initiate concerted "inquiry into the proposals submitted." The first we limit. The second is that this communication should be through Canada, and from Canada with Australia by the best available means without specifying anything.

Mr. LLOYD GEORGE: That is committing us to this route as the best route without inquiry.

Sir WILFRID LAURIER: If you want inquiry whether it is the best route or not this is exactly the object.

Mr. LLOYD GEORGE: That is committing us to the trans-continental route as the only route we can consider. We are not allowed to consider any other route.

Sir WILLIAM LYNE: What other route could you consider if it is to be an "all red route"?

Sir WILFRID LAURIER: If you think there is another available route I do not think I or anybody else is prepared to agree with that. We say that is the route.

Mr. LLOYD GEORGE: It is committing us to the scheme before we have had time to consider it.

Sir JOSEPH WARD: We say it is a matter of policy to have a route through Canada. It is the only British country we can go through, and that is the country we want to get this service through if we can. As a matter of policy we want a British route; that is the route we wish to support, and if possible to obtain your support too.

Sir WILFRID LAURIER: I object to Mr. Lloyd George's proposal, because he wants to examine whether or not we should adopt another route or this route. We say there is no inquiry required. This is a question of policy we put before you to have an all British route, and this is the only British route possible. There is no other.

CHAIRMAN: It seems to me your resolution would commit us to your proposals, even if the conditions were prohibitive.

Sir WILFRID LAURIER: Not at all.

Mr. LLOYD GEORGE: It is absolutely regardless of cost.

Sir WILFRID LAURIER: No, put in a modification if the cost is too heavy. I do not object to that. This is the route. I use the words "available under existing circumstances."

Mr. LLOYD GEORGE: If we are to go into this question, we shall have to take the advice of people who will tell us what the thing will cost, and we must have the figures before us.

Sir WILFRID LAURIER: Very well, "by the best service available within reasonable cost."

Fifteenth Day.
14 May 1907.

MAIL SERVICE TO AUSTRALIA AND NEW ZEALAND *viâ* CANADA.

Mr. LLOYD GEORGE: Yes.

Sir JOSEPH WARD: "Subject to the cost being approved by the respective Governments."

Mr. LLOYD GEORGE: Yes, that is all we want really. We want to be allowed to examine into the cost of the thing.

Sir JOSEPH WARD: My idea is you will never ascertain the cost until you make up your mind what you want first, and then invite offers for it, and examine the offers by your experts.

Sir WILLIAM LYNE: That resolution binds us to the route viâ New Zealand. The present route is to Brisbane. I do not know what my Prime Minister thinks.

Mr. DEAKIN: I do not think it does bind us.

Sir WILLIAM LYNE: I think it does. If we pass a resolution and agree to it that it shall be one route and one route only, and that route viâ New Zealand, it might place Australia in an awkward position.

Sir WILFRID LAURIER: I will put it this way: "That, to this end "it is advisable that Great Britain should be connected with Canada, and "through Canada with Australia and New Zealand by the best service "available within reasonable cost."

Mr. LLOYD GEORGE: Yes.

Sir WILFRID LAURIER: I say "for the purpose of carrying the above "project into effect such financial support as may be necessary should be "contributed by Great Britain, Canada, Australia, and New Zealand, in "equitable proportions."

Sir WILLIAM LYNE: Then that does not fix the route.

Sir WILFRID LAURIER: It fixes the route.

Mr. DEAKIN: Not on our side. That is what Sir William is talking about.

CHAIRMAN: I will read the resolution again: "That in the opinion of "this Conference the interests of the Empire demand that, in so far as "practicable, its different portions should be connected by the best possible "means of mail communication, travel, and transportation, and that to this "end it is advisable that Great Britain should be connected with Canada, "and through Canada with Australia and New Zealand by the best service "available within reasonable cost; that for the purpose of carrying the "above project into effect such financial support as may be necessary should "be contributed by Great Britain, Canada, Australia, and New Zealand in "equitable proportions."

Mr. LLOYD GEORGE: We accept that.

CHAIRMAN: Is that accepted by the Conference?

The resolution was agreed to.

Resolution XX. p. x.

NEWFOUNDLAND FISHERY.

CHAIRMAN: Yesterday I received a notice from Sir Robert Bond that he wished to bring a subject before the Conference concerning the Newfoundland Fisheries, and Sir Edward Grey has attended for that purpose.

Sir ROBERT BOND: Lord Elgin and gentlemen: In proposing this question for the consideration of this Conference, I do not intend to make more than a passing reference to the conditions that appertained in Newfoundland under the *modus vivendi* entered into between His Majesty's Government and the Government of the United States of America in October 1906. All the facts are well known to His Majesty's Government and to the Colonial Members of this Conference, for I have taken occasion to place in the hands of the latter a concise history of the same. Any comments upon what transpired under that arrangement, or upon its terms, or the manner of its accomplishment, might be regarded as vexatious. It will, therefore, only be necessary for me to briefly outline the Treaty relations that have existed and that still exist between His Majesty's Government and that of the United States of America; the obligations that are imposed upon American subjects under the existing Treaty and the contentions of the Government of the United States of America now before His Majesty's Government, and which, I submit, are sufficiently grave to warrant the most serious consideration of this Conference, inasmuch as they challenge the binding effect of Colonial laws upon foreign subjects when coming within the jurisdiction of a Colonial Government. The question affects the Colony that I represent principally and most vitally, but it also affects every Colony represented in this Conference.

I have had the privilege of discussing the question with Sir Edward Grey, of the Foreign Office, with your Lordship, and Mr. Winston Churchill, and have stated, as clearly as I know how to do so, what I believe to be the rights of those I represent. That statement I desire to repeat here and now, for if it is held by this Conference to be unreasonable or unduly exacting, I shall be prepared to modify it to meet what may be considered reasonable and right.

Now, then, with regard to the Treaty relations between His Majesty's Government and the Government of the United States of America.

Before the American Revolution the inhabitants of all the British Colonies in North America possessed, as a common right, the right of fishing on all the coasts of what was then British North America, and these rights were, in the broadest sense, prescriptive and accustomed rights of property. At the end of the Revolution, and by the Treaty of Peace signed in 1883, the boundaries between the possessions of the two Powers, that is to say, the United States and Great Britain, were adjusted by Article III. of that Treaty, which reads as follows :—

> " Agreed, that the people of the United States shall continue to enjoy unmolested the right to take fish of every kind on the Grand Bank, and on all the other banks of Newfoundland ; also in the Gulf of St. Lawrence, and at all other places in the sea, where the inhabitants of both countries used at any time heretofore to fish, and also that the inhabitants of the United States shall have liberty to take fish of every kind on such part of the coast of Newfoundland as British fishermen shall use (but not to dry or cure the same on that island), and also on the coasts, bays, and creeks of all other of His Britannic Majesty's Dominions in America."

This was a grant or recognition of a right agreed upon for a consideration viz., the adjustment of the boundaries and other engagements into which the United States by that Treaty entered.

For our purpose, it is unnecessary to deal with the other articles of that Treaty.

From 1783, until the war between Great Britain and the United States in 1812, citizens of the United States continued to enjoy the ancient rights belonging to them as subjects of Great Britain before the Revolution, and reserved to them as citizens of the United States, to the extent outlined in the article of the Treaty of 1783, to which I have referred. Between those dates, other subjects of difference and negotiation, apart from the fisheries, arose between the two nations, which were disposed of by the Treaties of 1794 and 1802, but the fishery provisions of 1783 continued down to the period of the outbreak of war in 1812.

At the close of that war a Treaty of Peace was concluded on the 24th of December, 1814, which provided :—

(1) For the restoration to each party of all countries, territories, &c., taken by either party during the war, without delay, save some questions of islands in the Bay of Passamaquoddy ;
(2) For disposition of prizes and prisoners of war ; and
(3) For questions of boundary and dominion regarding certain islands and for the settlement of the north-eastern boundary, and also for the north-western boundary, but it made no reference whatever to any question touching the fisheries referred to in the Treaty of 1783.

On the 3rd of July 1815, Great Britain entered into a Commercial Treaty with the United States, which provided for reciprocal liberty of commerce between all the territories of Great Britain in Europe and the territories of the United States but made no stipulation as regards commercial intercourse between British Dominions in North America and the United States.

After the conclusion of the Treaty following the war of 1812, viz., that of the 24th of December 1814, there being then no treaty obligations or reciprocal laws in force between, or in either of the countries respecting

commercial intercourse, the British Government contended that the fishing rights recognised and secured to the citizens of the United States by the Treaty of 1783 had become abrogated in consequence of the war of 1812, on the principle of war annulling all unexecuted engagements between two belligerents. The fishing rights conveyed to the United States of America by the Treaty of 1783 having been annulled by the war of 1812, the citizens of the United States no longer had the right to fish in any of the North American waters. This exclusion continued until the conclusion of the Treaty of the 20th October 1818, which Treaty remains in force to-day, and embodies the whole of the fishing privileges to which United States citizens are entitled in the waters that wash the coasts of Newfoundland and the Dominion of Canada.

Article I. of that Treaty contains a recital of the fishing privileges in British North American waters conveyed to the United States by the Imperial Government. That article reads as follows :—

> "Whereas differences have arisen respecting the liberty claimed by the United States, for the inhabitants thereof, to take, dry, and cure fish on certain coasts, bays, harbours, and creeks of His Britannic Majesty's Dominions in America, it is agreed between the high contracting parties that the inhabitants of the said United States shall have for ever, in common with subjects of His Britannic Majesty, the liberty to take fish of every kind on that part of the southern coast of Newfoundland, which extends from Cape Ray to the Rameau Islands; on the western and northern coast of Newfoundland from the said Cape Ray to the Quirpon Islands, on the shores of the Magdalen Islands, and also on the coasts, bays, harbours, and creeks from Mount Joly, on the southern coost of Labrador, to and through the Straits of Belle Isle, and thence northwardly indefinitely along the coast, without prejudice, however, to any of the exclusive rights of the Hudson Bay Company. And that the American fishermen shall also have liberty for ever to dry and cure fish in any of the unsettled bays, harbours, and creeks of the southern part of the coast of Newfoundland, above described, and of the coast of Labrador ; but so soon as the same, or any portion thereof shall be settled, it shall not be lawful for the said fisherman to dry and cure fish at such portion so settled without previous agreement for such purpose with the inhabitants, proprietors, or possessors of the ground. And the United States hereby renounces for ever any liberty heretofore enjoyed or claimed by the inhabitants thereof to take, dry, or cure fish on or within three marine miles of any of the coasts, bays, creeks, or harbours of his Britannic Majesty's Dominions in America not included within the above-mentioned limits :
>
> "Provided, however, that the American fishermen shall be admitted to enter such bays or harbours for the purpose of shelter, and of repairing damages therein, of purchasing wood, and of obtaining water, and for no other purpose whatever. But they shall be under such restrictions as may be necessary to prevent their taking, drying, or curing fish therein, or in any other manner whatever abusing the privileges hereby reserved to them."

The Treaty limited to a territorial extent the fishing rights of the people of the United States, which they had enjoyed as British subjects, and which had been recognised and continued under the Treaty of Peace of 1783, and down to the year 1812.

It provided for the continuance of the ancient rights of fishing on certain parts of the coast of the Colony of Newfoundland and of His Britannic

Majesty's other Dominions in America. It also provided for a renunciation by the United States of pre-existing rights to take fish within 3 marine miles of any of the coasts, bays, creeks, or harbours of His Britannic Majesty's Dominions in British North America, not included within the limits set forth in the article which I have read, that renunciation being subject, however, to the proviso that "American fishermen shall be admitted "to enter such bays or harbours for the purpose of shelter, and of repairing "damages therein, of purchasing wood, and of obtaining water, and for no "other purpose whatever. But they shall be under such restrictions as may "be necessary to prevent their taking, drying, or curing fish therein or in "any other manner whatever abusing the privileges hereby reserved to "them."

The Conference will not fail to observe that this Treaty contained no provision as respects the exercise of what may be termed "commercial rights" by American fishing or other vessels in the waters of the Colony of Newfoundland or of His Majesty's other Dominions in America.

It was not until the year 1830 that a reciprocal arrangement was entered into between the Government of Great Britain and that of the United States for what might be properly termed "commercial" relations, the Act of Congress of May 29th, 1830, providing for the opening of all American ports to certain British Colonial vessels on a mutual opening of British Colonial ports to American vessels, and a Proclamation dated the 5th of October 1830, giving effect to it on the part of Great Britain.

This arrangement would appear to have led to acts of aggression on the part of American subjects, and to a violation of the Treaty obligations of 1818, for we find that in the year 1836 the Government of Newfoundland passed a Bill, entitled, "An Act to prevent the encroachment of aliens on the "fisheries of this Colony, and for the further protection of the said fisheries"; that, in the same year, the Province of Nova Scotia passed laws in respect to the seizure of American fishing vessels for trading and fishing within the 3-mile limit; and, that in the year 1838, the said Province of Nova Scotia complained by address to the Queen of such aggressions, and asked for naval force to prevent them. This force was supplied by the British Government and seizures of American fishing vessels became common.

Down through the years until 1854 the same conditions applied, when on the 5th of June, 1854, a comprehensive reciprocal trade treaty was entered into between His Majesty's Government and that of the United States, under which Americans were granted the right to fish within the limits prescribed by the Treaty of 1818, under certain restrictions. That Treaty terminated in the winter of 1864, by a vote of the Congress of the United States.

Between 1864 and 1871 the policy of issuing licences to American fishermen to fish in the waters from which they were excluded for fishing purposes by the Treaty of 1818, was adopted by the Canadian Government, and, during the year 1866, 354 licenses were issued by that Government at the rate of 50 cents per ton. The next year the licence fee was increased to $1 per ton, and the number of licences issued amounted to 281. In 1868 and 1869 the license fee was doubled to $2 per ton, and in the years 1868 and 1869, 56 and 25 licences respectively were taken out. The Canadian Government then changed it policy and enacted exclusive laws against American fishermen forcing them to keep without the 3-mile limit.

In the year 1871, another reciprocal trade Treaty was entered into between His Majesty's Government, and that of the United States, which provided that, for a period of 10 years, fishermen of the United States should have, in addition to their right under the Treaty of 1818, the privilege of inshore fishing in the waters of British North America under certain limitations. In return for that privilege, it was provided that the fishery products of

Newfoundland and of the neighbouring Dominion were to have free entry into the markets of the United States. On the 1st of July 1885, that Treaty was terminated by the Congress of the United States, and the fishing rights of United States' citizens reverted back to those outlined in the Treaty of 1818.

One month later, namely, on the 1st of August 1886, a telegram was received by the Officer Administering the Government of the Colony of Newfoundland from the Secretary of State for the Colonies, intimating that His Majesty's Government deemed it "desirable that steps should be taken "by the Government of the Colony to decide definitely on the exact nature of "the proposals to be made to the Government of the United States in "anticipation of the negotiations which were contemplated in view of the "termination of the temporary arrangements that were made by His Majesty's "Minister at Washington with the United States Government arising out of "the termination of the fisheries articles of the Treaty of Washington of 1871, "on the 30th June, 1885." The answer which was given by the Government of Newfoundland to this representation was the introduction of the Bait Act in the year 1886. The reasons that prompted the adoption of that measure were set out by the then Governor of the Colony in a despatch to the Colonial Office, bearing date 25th day of May 1886, wherein he stated that :—

> "The people of Newfoundland, like those of Canada, desire to use the right to withhold a supply of bait as a means of inducing the American Government to remove the import duties on British fish."

And again, in another despatch from Sir G. William Des Vœux to the Colonial Office, bearing date 4th of January 1887, in support of the Bait Act, which was held in abeyance by His Majesty's Government for 12 months, he stated that :—

> "American fishermen are protected in the markets of the United States, which take all their produce by a duty of 56 cents per quintal, which is almost prohibitive to the results of British industry," and
>
> "Though the measure, if allowed, would, to a large extent, place the fisheries in this neighbourhood within the control of the people of this Colony, they have no desire to monopolise them, and I feel satisfied that they would willingly modify the provisions of the provisions of the measure in favour of such Governments as would grant a reciprocity . . . I have good reason for believing that as regards the United States, the right of obtaining bait would be restored on the opening of the American markets to Newfoundland fish . . . in a word, the principle that the colonists desire to maintain is 'live and let live' and they merely object to that of let others live by killing us."

Following upon this despatch from Sir George Des Vœux to the Secretary of State for the Colonies, and under date the 16th June 1887, a letter was received by the representative of the Newfoundland Government, then in London, from the Office of Legation of the United States, intimating that :—

> "Should the Government of Newfoundland see fit to give notice that American fishermen be admitted to the ports of that province for the purpose of obtaining supplies, the proposal will be cordially accepted and acted upon by the Government of the United States. In that event there would be no objection on the part of the United States Government to entertain suggestions for an independent agreement in respect to the fisheries of Newfoundland, and if made by the authorised agents of the Imperial Government."

The invitation was most cordially received by the Government of Newfoundland. Negotiations were opened by His Majesty's Government with the Government of the United States of America, and on the 15th of February 1888, what is known as the Chamberlain-Bayard Treaty was signed at Washington. This Treaty provided for free fishing in exchange for the free admission of fish and fish products, the result of British catch, into the markets of the United States of America. This Treaty was approved and signed by the United States Government, but was rejected by the United States Senate, and the fishery privileges of the United States consequently reverted to those embodied in the Treaty of 1818.

In this same year, 1888, the Bait Act referred to in the dispatch of Sir G. W. Des Vœux, extracts from which I have quoted, was brought into force with the assent of the Crown, and under the provisions of the same, foreign fishing vessels were excluded from the inshore bait fisheries, except under licence, and notices were issued to the United States Government from the Department of the Colonial Secretary of the Colony calling attention to the provisions of the said Act.

By virtue of the authority vested thereunder in the Governor-in-Council, a tax of $1.50 per net ton was imposed upon all American fishing vessels visiting the coast in quest of bait fishes.

Our relations with the United States continued in this form until the year 1890, when, by a despatch, bearing date 28th February 1890, from Sir Terence O'Brien, Governor of the Colony, to the Secretary of State for the Colonies, the question of a direct and independent trade arrangement between Newfoundland and the United States of America was revived. This negotiation resulted in my being authorised to proceed to Washington to assist in bringing about such an arrangement. The result of my visit to Washington was what is known as the Bond-Blaine Convention of 1890, which was virtually upon the same lines as the Chamberlain-Bayard Treaty of 1888. This Convention was approved by the United States Government, but was not ratified by His Majesty's Government.

In view of the fact that the United States Government had signified its willingness to exchange a free market with us for bait privileges, and that our Convention was not held in abeyance by reason of any action or want of action on its part, the Government of Newfoundland extended to United States fishermen, for a period of 12 years, all the privileges that it was contemplated should be granted under the Convention of 1890.

Mr. DEAKIN: You say the Convention was approved by the United States Government, but did that include the United States Legislature?

Sir ROBERT BOND: No; it did not come before the United States Legislature. It was signed by Mr. Blaine on behalf of his Government. It was then sent over to this country for His Majesty's approval, and a protest was entered against its ratification by the Dominion Government, and His Majesty's Government held it in abeyance for 12 years.

Sir WILFRID LAURIER: Is it not a fact that the Treaty was submitted by the American Government to the Senate, and they refused to ratify it?

Sir ROBERT BOND: No, the 1890 Treaty never went before the Senate at all, but the 1902 Treaty did. I am coming to that now.

During 12 years from 1890 to 1902, the Government of Newfoundland persistently urged His Majesty's Government to fulfil its undertaking as regards the United States Convention, but without avail.

In 1902 I was in this country in connection with His Majesty's Coronation and the Conference of Colonial Premiers, and I availed myself of the opportunity of pressing upon the then Secretary of State for the Colonies —Mr. Chamberlain—the unfairness of the treatment that had been meted out to us as a Colony during the 12 years previous in relation to our proposed trade arrangement with the United States of America, and begged the privilege of being again permitted to proceed to Washington to re-open negotiations with the United States Government for an arrangement upon the lines of the Convention of 1890. My request was acceded to, and I was furnished with the necessary authority to proceed to Washington. The result of my visit was what is known as the Hay-Bond Treaty of 1902. This Convention was ratified by the Secretary of State of the United States on behalf of his Government, and by the late Sir Michael Herbert on behalf of His Majesty's Government. It provided, as did the former Convention, for the free admission of fishery products of Newfoundland into United States markets in exchange for baiting privileges in the Colony. That Convention was held in abeyance for some considerable time by the Foreign Relations Committee of the United States of America, but in the year 1904 it was reported by that Committee to the United States Senate, where it was virtually amended out of existence at the instance of the fishery interests of Gloucester (Massachusetts).

Between 1902 and 1904 the privileges that had been freely extended to the United States during the 12 years previous were continued, but after the action of the United States Senate became known to my Government, in the interests of the trade and commerce of the Colony, it was determined that the policy of the Government of 1886—which had been so forcibly advocated by the then Governor, Sir G. W. Des Vœux—should be enforced against American fishermen.

When the Legislature met on the 30th of March 1905, His Excellency the Governor, in the speech from the throne, said: "I would observe that "the serious loss occasioned the fishermen of this Colony last season by the "difficulty of obtaining a full supply of bait fishes rendered it very imperative "for my Ministers to consider whether the very valuable bait privileges "conceded to the fishermen of the United States by the Government of this "Colony in expectation of ratification of the Convention could be continued "without detriment to our fishery interest. After very careful inquiry and "consideration, it was decided that, under existing circumstances, local "interests would be best conserved by withholding those privileges."

In order to more effectively carry out the provisions of the Bait Act, which had been in force for nearly 20 years against French fishermen, but which, for the reasons I have set forth, were not enforced in their entirety against American citizens, the Government introduced the Foreign Fishing Vessels Act of 1905, whereby it was provided, amongst other things, that it shall be unlawful for the master of any foreign fishing vessel "to engage any "person to form part of the crew of said vessel in any port or on any part of "the coasts of this island."

The method adopted by American fishermen of conducting the herring fishery on the west coast of the Colony had ever been by purchase or barter. The Bait Act, as it stood, enabled us to prevent a continuation of that practice, but the Government appreciated that the Americans would attempt to overcome the difficulty occasioned by the enforcement of the Bait Act by engaging local fishermen to form part of their crews, and to catch the fish they required. It was for the purpose, then, of preventing this evasion of the spirit and intention of the Bait Act of 1887, that the clause that I referred to was inserted in the Act of 1905.

At the close of the Session of the Newfoundland Legislature of 1905, this Foreign Fishing Vessels Act was assented to and became the law of the land.

In October of that year the autumn herring fishery on the west coast commenced, when it was found that American fishermen were determined to ignore the provisions of the Bait Act as well as the Foreign Fishing Vessels Act of 1905. The position was further aggravated by their refusing to comply with our Customs and Revenue Laws and to enter and clear and pay light dues as they had ever done heretofore.

Out of deference to the wishes of His Majesty's Government my Government abstained from enforcing local statutes against American citizens on the Treaty coast, during the autumn fishery of 1905, thereby occasioning themselves very considerable embarrassment. They were led to adopt this course believing that during the period that would elapse before the next fishing season came round a special effort would be made by His Majesty's Government to arrive at a satisfactory solution of the difficulties that had arisen by reason of the action of the United States fishermen, and failing such solution that His Majesty's Government would strictly confine the United States to the privileges accorded its inhabitants by the Treaty of 1818.

In the session of 1906, I introduced a Bill to amend the Foreign Fishing Vessels Act of 1905, by declaring that the first part of section 1 and the whole of section 3 thereof do not apply to foreign fishing vessels resorting to Newfoundland waters in the exercise of Treaty rights. This was done at the request of His Majesty's Government in order to meet objections that had been raised to the measure by the Government of the United States.

This Bill also contained the provisions :—(1) that it should be unlawful for a resident of the Colony to leave it for the purpose of engaging in foreign fishing vessels intending to fish in the waters of the Colony ; and (2) that it should be unlawful for the master, owner, or agent of any foreign fishing vessel to engage British subjects to fish for them within the territorial waters of the Colony. These provisions were rendered necessary because while the Bait Act of 1887 declared that no man should take bait fishes within the jurisdiction of the Colony without a licence, and the Foreign Fishing Vessels Act of 1905 declared that any master who attempted to engage any person to form part of the crew of any foreign fishing vessel in any port or in any part of the coast of this island should have his vessel confiscated, in the autumn fishery of 1905 the Americans deliberately proceeded to aid and abet our fishermen in violating the Bait Act by engaging them through agents in Bay of Islands as part of their crew, taking them outside the 3-mile limit to formally ship and enter their service, and returning with them inside our jurisdiction to fish.

It will be observed that whereas the Foreign Fishing Vessels Act of 1905 penalised the master of any foreign fishing vessel for engaging any person to form part of the crew of said vessel within the jurisdiction of the Colony, the amending Act of 1906 penalised the master, owner, or agent of such vessel who should engage British subjects, either outside or inside our jurisdiction, and utilise them within our jurisdiction to fish for them.

The machinery for a complete control over our own people so as to prevent them from aiding the Americans in catching such fishes was thus provided by the Legislature, but this machinery was rendered inoperative by the *modus vivendi* entered into between His Majesty's Government and the Government of the United States of America in October 1906, the terms of which may be summarised as follows, viz. :—

1. Permission to the Americans to use purse seines during the ensuing season, the use of which instruments of capture the law of the Colony prohibited and penalised ;
2. Permission to the Americans to ship Newfoundland fishermen *outside* the 3-mile limit, which, by the law of the Colony, was prohibited and penalised ;

3. The undertaking on the part of His Majesty's Ministers not to bring into force the Foreign Fishing Vessels Act of 1906, an Act regarded by the Legislature of the Colony as essential in order to control the conduct of British fishermen and effectively enforce the provisions of the Bait Act of 1887;
4. An undertaking on the part of His Majesty's Ministers to limit the operation of a law of the Colony (the Foreign Fishing Vessels Act, 1905) by the non-enforcement of the first part of section 1 and the whole of section 4.

With the validity of the *modus vivendi* of 1906, I do not propose to deal. Suffice it to say that the Supreme Court of Newfoundland has decided that it could not override local statutes as intended. With the humiliating circumstances that attended its enforcement I shall not trouble this Conference. I shall content myself by stating that the concessions contained in the *modus vivendi* were placed there to satisfy the demands of the Government of the United States of America.

The contentions of the American Government were as follows :—

1. That there should be no interference on any grounds by officers of the Newfoundland Government with American fishermen.
2. That the Convention of 1818 justifies no interference.
3. That the fishing laws of the Colony are not binding upon United States fishermen.
4. That American fishermen are not obliged to conform to our Revenue and Custom laws.

Now I would draw attention to the fact that the assertion of the United States Government "that the Convention of 1818 justifies no interference on any "grounds with American citizens exercising a right to a fishery in common "with His Majesty's subjects," is equivalent to a declaration that American citizens can do as they please and violate our fishing and other laws with impunity.

In answer to that position, I would refer to the opinion of the Law Officers of the Crown, Messrs. W. Atherton and Roundell Palmer, who, on the 6th January 1863, declared as follows :—

> "That, in our opinion, inhabitants of the United States, fishing within waters in the territorial jurisdiction of the Legislature of Newfoundland, are bound to obey, and are legally punishable for disregarding, the laws and regulations of the fisheries enacted by or under the authority on the provincial Legislature. The plain object of the Treaties above referred to was to put the inhabitants of the United States as regards the 'liberty to take fish' within the parts described of the British Dominions on the same footing as 'subjects of His Britannic Majesty' 'in common with whom' under the terms of the Treaty, such liberty was to be enjoyed. The enactments subsequently passed would not confirm the Treaties and provide for the suspension during the operations of those Treaties of such laws, &c., as were or would be inconsistent with the terms and spirit of the Treaty, which 'terms and spirit' are, it appears to us, in no respect violated by the regulations *bonâ fide* made by the Government for the conduct of the fishery and applicable to British subjects so employed."

My contention is that the Colony (subject to the King) is the Sovereign Power, and that the Sovereign Power has the right to enact *bonâ fide* legislation for the preservation of its fisheries, and also all legislation inherent in its

Sovereignty, such as Customs and Municipal Laws, and that subjects of a foreign Power that have Treaty rights in the territorial waters subject to Sovereignty are liable to be governed by our fishing laws, when they are applied to British subjects and are admittedly made for the preservation of the fisheries.

I would also refer to the opinion of an American jurist, Hall, which occurs in a passage on International Law. He says, in commenting on the Newfoundland fisheries question :—

> "It was argued by the United States that the fishery rights conceded by the Treaty were absolute, and were to be exercised wholly free from the regulations or statutes of Newfoundland, and from any other regulations of fishing now in force, or that may be enacted by that Government; in other words, it was contended that the simple grant to foreign subjects of the right to enjoy certain national property in common with the subjects of the State carried with it by implication an entire surrender, in so far as such national property was concerned, of one of the highest rights of sovereignty, namely, the right of legislation. That the American Government should have put forward such a claim is scarcely intelligible."

As to the duty of the subjects of one nation to conform to the laws of another, the doctrine is laid down as follows in Phillimore's International Law :—

> "With respect to merchant and private vessels, the rule of law is that except under the provisions of express stipulation such vessels have no exemption from the territorial jurisdiction of the harbour or port, or, so to speak, territorial waters in which they lie."

And this is supported by the late Chief Justice Marshall of the United States as follows :—

> "When private individuals of one nation spread themselves through another, as business or caprice may direct, mingling indiscriminately with the inhabitants of that other, and when merchant vessels enter for the purpose of trade, it would be obviously inconvenient and dangerous to society and would subject the laws to continued infraction and the Government to degradation, if such individuals or merchant ships did not all temporarily submit to local regulations and were not amenable to the jurisdiction of the country, nor can a foreign sovereign have any motive in wishing such exemption. His subjects thus passing into foreign countries are not employed by him, nor are they engaged in national pursuits. Consequently there are powerful motives for not exempting persons of this description from the jurisdiction of the country in which they are found, and not one motive for acquiring it. The implied license therefore, under which they enter can never be construed to grant such an exemption. One sovereign, being in no respect amenable to another, is bound by obligations of the highest character not to degrade the dignity of his nation by placing himself or its sovereign within the jurisdiction of another. A foreign sovereign is not understood as intending to subject himself to a jurisdiction inconpatible with his dignity and the dignity of the nation."

English law is the same, as in the celebrated case of the "Franconia," the judges concurring with Mr. Justice Lindley when he said :—

> "It is conceded that even in time of peace the territoriality of a foreign merchant ship within 3 miles of the coast of any State does not

exempt that ship or its crew from the operation of those laws which relate to its revenue and its fisheries."

And Sir Travers Twiss states the law thus :—

"Treaty engagements in such matters as fisheries in common do not give any other right than that which is expressed in the specific terms."

Again, the United States Government, as far back as 1856, recognised not only the right, but the desirability, of the enforcement of the laws of Newfoundland upon United States citizens entering the territorial waters of the Colony to engage in fishing. On the 28th March 1856, the following instruction to the masters of American fishing vessels was issued from the State Department, Washington, namely :—

"It is understood that there are certain Acts of the British North American Colonial Legislature, as also, perhaps, Executive regulations, intended to prevent the wanton destruction of the fish which frequent the coasts of the Colonies and injurious to the fishing thereon. It is deemed reasonable and desirable that both United States and British fishermen should pay a like respect to such laws and regulations which are designed to preserve and increase the productiveness of the fisheries on these coasts. Such being the object of these laws and regulations, the observation of them is enforced upon the citizens of the United States in a like manner as they are observed by British subjects. By granting the mutual use of the inshore fisheries neither party has yielded its right to civic jurisdiction over a marine league along its coast. Its laws are as obligatory upon the citizens or subjects of the other as upon its own."

In 1886 there was a similar recognition by the Government of the United States of the binding effect of Colonial laws upon its citizens when coming within the jurisdiction of the Colony. In a despatch from Mr. Bayard, of the Department of State, Washington, to Sir Lionel West, bearing date 10th May 1886, it was stated :—

"Since 1818 certain important changes have taken place in fishing which have materially modified the conditions under which the business of inshore fishing is conducted, and it must have great weight in any present administration of the Treaty. . . . . Everything will be done by the United States to cause its citizens engaged in fishing to conform to to the obligations of the Treaty and prevent an infraction of the fishing laws of the British provinces."

Again, in a despatch from Mr. Bayard to Sir Lionel West of date, 20th May 1886, that gentleman stated that he was desirous that due and full observance should be paid by the citizens of the United States to local laws and commercial regulations of the ports of the British provinces.

This position is further upheld by a despatch from the Marquess of Salisbury to Mr. White in 1887, in which he states that "such statutes are "clearly within the powers of the respective Parliaments by which they "were passed, and are in conformity with the Convention of 1818, especially "in view of the passages of the Convention which provide that the American "fishermen shall be under such restrictions as shall be necessary to prevent them from abusing the privileges thereby reserved to them."

The question of the legality of laws and regulations in relation to the conduct of the fisheries under the Treaty of 1818 passed by the Canadian

Parliament was discussed between the British Government and the Canadian Government and that of the United States in the year 1886.

As far back as the year 1844, the Provinces of British North America had adopted legislation for the enforcement of the provisions of this very Treaty. They were passed by Nova Scotia, New Brunswick, and Prince Edward's Island, and afterwards by the Dominion of Canada. Even while the dispute was pending between the United States and Canada, an Act was passed to further amend the Act respecting Foreign Fishing Vessels, which, having passed the Canadian Parliament, was reserved by the Governor-General for His Majesty's pleasure, and eventually received the Royal Assent on the 26th November 1886. In March 1886, the Canadian Government promulgated the following instructions to its officers enforcing the Canadian fishery laws :—

> " You are to compel, if necessary, the maintenance of peace and good order by foreign fishermen pursuing their calling, and enjoying concurrent privileges of fishing and curing fish with British fishermen, in those parts to which they are admitted by the Treaty of 1888. You are to see that they obey the laws of the country, and that they do not molest British fishermen in the pursuit of their calling, and that they observe the regulations of the fishery laws in every respect."

In a report to His Majesty's Government dated 1886, the late Sir John Thompson, then Minister of Justice, and afterwards Premier of the Dominion of Canada, wrote :—

> " The right of the Parliament of Canada, with the Royal Assent, to pass an Act on this subject to give that Treaty effect, or to protect the people of Canada from an infringement of the Treaty itself, is clear beyond question. An Act of that Parliament, duly passed according to constitutional form, has as much the force of law in Canada, and binds as fully offenders who come within its jurisdiction, as any Act of the Imperial Parliament; and the efforts made on the part of the Government of the United States to deny and refute the validity of Colonial Statutes on this subject have been continued for years, and in every instance have been set at nought by the Imperial authorities, or by the judicial tribunals."

If the Parliament of Canada had, and still has, the right to pass and enforce such laws, the Newfoundland Legislature has an equal right, for its constitution is the same.

That was placed beyond question by the Imperial Act of 1865 " an Act to remove all doubts as to the validity of Colonial laws," the 7th section of which reads as follows :—

> " All laws or reputed laws, enacted or purporting to be enacted by the Legislatures which have received the assent of Her Majesty in Council, or which have received the assent of the Governor of the said Colony, in the name and on behalf of Her Majesty, shall be, and be deemed to have been, valid and effectual from the date of such assent for all purposes whatever."

Now, with regard to the shipping of Newfoundlanders to form part of the crews of American vessels fishing within territorial waters. This was permitted by His Majesty's Government under the *modus vivendi* of 1906 in contravention of the Colonial law. The Colony has prohibited the engaging of Newfoundland labour. This course was rendered necessary because the United States Treasury Department has ruled that herrings taken by

Newfoundland crews on board of American vessels may be landed free of duty just as though they had been taken by American crews. The effect of that ruling has been to give to the merchants of Gloucester, Massachusetts, what amounts to a monopoly of the United States herring market, independent competition being impossible in the face of an import duty equivalent to 25 per cent. of the value, which American traders are enabled to evade.

I would once again revert to the despatch of Governor Sir George Des Vœux to the Colonial Office, at the time that the Act under which this prohibition is enforced was before His Majesty's Government. You will please remember that this Act has been on the Statute Book for 20 years. Sir George Des Vœux said, in speaking for his Government :—

> "The people of Newfoundland, like those of Canada, desire to use the right to withhold a supply of bait as a means of inducing the American Government to remove the import duty on British fish. . . . In a word, the principle that the Colonists desire to maintain is 'live and let live,' and they merely object to that of 'let others live by killing us.'"

When the prohibitive import duty is removed, the restriction imposed by the Bait Act, 1887, will cease to be enforced ; for Newfoundland is prepared to compete with the fishermen of the United States or of any country upon equal terms, but she objects to give free access to her unrivalled bait supplies to those who debar her from their markets by prohibitive tariffs worked in so unjust and evasive a manner as that set forth in the Treasury Order to which I have referred.

Just a few words more and I have done. I submit that there is nothing in the Treaty of 1818 which conveys a right to the United States to employ Colonial fishermen to fish for them. I have heard it argued that "what one does by another one does by himself." That is a maxim which applies entirely to the law of agency.

Under the Treaty of 1818, the privilege of a fishery in common with British subjects was granted to "the inhabitants of the United States," and the privilege was to "take" fish (not to buy or procure it in any other way.) The word "take" was used in its special and restricted meaning to distinguish the liberty from the rights which the British subjects enjoyed, namely, to use the land as well as the sea, and to buy, sell, trade, or deal in any way with the products of the fisheries. I submit that the United States can only "take" fish and can only take it in common, that is to say, by the same implements of capture as British subjects and subject to the same restrictions, regulations, or laws that govern their conduct.

The permission to enter and fish cannot be construed as conferring upon the admitted foreigner a right, but only a liberty or a privilege.

In considering the Treaty of 1818, it is important to remember the class to whom the concession is given, namely, the American fishermen named in the article. (1) They *must be inhabitants of the United States.* (2) They *must be American fishermen,* and the liberty granted to them is to take, dry, and cure fish. The word shows the privileged class to whom the Treaty applies, and the vessels employed therefor, and the special Treaty privilege of fishing in the territorial waters of Newfoundland. There is no maxim of the law better known than that which affirms that the "express mention of one person or thing is the exclusion of another." It would, therefore, follow that the mention of "inhabitants of the United States," "American fishermen," named in the Treaty, excludes all others. But we are not left to ourselves to place the interpretation on this Treaty, as to the class to whom the privileges are granted. It has been so read by the inhabitants of the United States for the last hundred years, and no later than last July, Mr. A. P. Gardner, the

representative for Gloucester in Congress, writing to the "Boston Herald," of July 9th, under date of July 7th, said as follows :—

> "I am in receipt of a letter, dated July 2nd, from the Secretary of State (that is the Secretary of State for the United States) answering a large number of questions raised in my Memorandum to Mr. Alexander, of the United States Fishery Commission. The State Department believes that Newfoundland has the right to prohibit its own citizens from engaging in or prosecuting the fishery unless they are inhabitants of the United States. If they are inhabitants of the United States we are entitled to have them fish from our vessels regardless of their citizenship."

The State Department of Washington having thus placed this interpretation on the Treaty, it is difficult to conceive why the Newfoundland laws were over-ridden last year under the *modus vivendi*, or why the Act of 1906 which merely enables the Colony to more effectively enforce the Bait Act of 1887 upon its own citizens is still held in abeyance by His Majesty's Ministers. What I have asked for at the hands of His Majesty's Government is :—

1st. The Assent of the Crown to the Act of 1906.

2nd. That the Colony be permitted to carry out those laws that have been approved by the Crown.

3rd. That His Majesty's Government define the rights of American citizens under the Treaty of 1818.

The Colony does not desire to limit in any way the rights of American citizens under that Treaty. It asks for nothing but justice and responsibility sanctioned by the spirit and forms of the British constitution.

We do not think it just that permission should be given by His Majesty's Government to a foreign Power to over-ride or contravene the laws of the Colony, or that an undertaking should be given to a foreign Power by His Majesty's Government not to sanction certain Colonial legislation.

It has been suggested that the matters in dispute might properly be submitted to arbitration. I cannot see what there is to arbitrate upon. To my mind, the only question is, as to the binding effect of Colonial laws upon American citizens when they come within British jurisdiction. If it is intended to submit the Treaty to arbitration, then I contend, that its terms are clear, that the privileges granted to the inhabitants of the United States thereunder are not set forth in language that is ambiguous. Vattel, probably the best authority upon the interpretation of treaties, says :—

> "The first general maxim of interpretation is, that it is not allowable to interpret what has no need of interpretation. When the wording is in clear and precise terms and its meaning is evident and leads to no absurd conclusion, there can be no reason for refusing to admit the meaning which such Treaty naturally presents, and to go elsewhere in search of conjectures in order to restrict or extend it is but an attempt to elude it."

If, on the other hand, it is intended to submit Colonial statutes to arbitration, then I respectfully contend that it would be derogatory to the Crown, and in direct contravention to the constitutional right of the self-governing Colonies, to submit their statutes to the arbitrament of any foreign Power or of any person, or body of men.

[*After a short adjournment, the Conference, after discussion in private, agreed that Sir R. Bond's Statement should be recorded.*]

CHAIRMAN: There was a point with regard to wireless telegraphy which Mr. Deakin wanted to put, and we have the Postmaster-General and Mr. Babington Smith here.

Mr. DEAKIN: With regard to the proposed convention in relation to wireless telegraphy, as to which an agreement was arrived at some little time ago, I understand that convention is now under the consideration of a committee of the House of Commons.

Sir WILFRID LAURIER: Agreement between whom?

Mr. BUXTON: It is an international agreement, and we are parties to it, but none of the Colonies are parties to it. The Colonies have the absolute power and option of coming in, supposing we ratify it, at any time they like, or going out at any time on a year's notice. Every self-governing Colony has absolute liberty in regard to it. We have only committed ourselves so far as this country is concerned.

Mr. DEAKIN: The convention, as I remember it, proposes to entrust to a future Conference the decision of questions relating to wireless telegraphy, the systems to be used, and the methods adopted, by means of which something like a universal system of wireless telegraphy may be established or the various systems may be co-ordinated.

Mr. BRODEUR: Interchange.

Mr. BUXTON: Inter-communication.

Mr. DEAKIN: These questions are to be referred to some permanent body on which each Power has votes.

Mr. BUXTON: This Conference took place, and all the great Powers—I think every Power interested in it—was represented. They came to certain arrangements which now form the convention, as to which the question is whether we should ratify it or not. The Conference has now adjourned for five years and that convention, so far as the Powers who ratify it are concerned, will come into force for all of them; but they can all go out on a year's notice. In the meanwhile, in the five years, the only things by which they are bound are the actual terms of the convention. There is no standing body which has any voice or power in regard either to the interpretation or enforcement of these regulations and articles of the convention. The only body that exists is an International Bureau for merely clerical purposes, the listing of wireless stations, and so on. It has no sort of executive power of any kind. Between the meeting of one Conference and the next each Power is free to carry out the convention and to interpret it in the way it thinks right. There is no body with executive power between the two meetings of the Conference.

Mr. DEAKIN: Is it for the next Conference that a scale of voting was proposed under which the maximum number of votes or representatives was to be six for a country with colonies?

Mr. BUXTON: Each of the self-governing Colonies was communicated with and informed the Conference was to take place. A draft was sent to them for consideration. I think they all desired that they should not be

committed by any arrangements come to by this country in regard to wireless telegraphy until they had had an opportunity of seeing how the convention worked out after it was discussed, considered, and ratified. They would have full power then to come in at any moment, or to go out again if they liked on a year's notice. Therefore, with regard to the Colonies, there was no question about their having a vote at the Conference which took place last October. As regards future Conferences, the question was raised as to the method of representation of the various Colonies and the votes they should have, and how they should be enabled to join in future Conferences. There were two precedents: one is the International Telegraph Convention, under which any country can practically say that it desires a vote for this Colony or the other Colony so long as they have separate telegraph administrations. The other system is that of the Postal Union, under which each country, according to the importance of its Colonies, is allowed so many votes. It was a question really which of those two precedents, that of the Telegraph Convention or that of the Postal Convention, was the best for our purpose. The Conference finally decided they would follow the Postal Union rather than the Telegraph Convention, on the ground that that enables the Conference to allot votes to the Colonies according to their importance, and does not enable a country to claim any number of votes for, perhaps, minute Colonies of no importance, simply because they happen to have a separate telegraph administration. The article passed by the Conference the other day fixes for any country and its Colonies a maximum of six votes. No country need have six votes, but that is the maximum. That is the principle of the Postal Union which has been in existence for many years, and has worked very satisfactorily. Under it, I may say, at the present moment India, Australia, New Zealand, Canada, and South Africa each have a vote.

Mr. DEAKIN: It might be presumed, then, at the next Conference that each of the six, if adhering, would be entitled to a vote.

Mr. BUXTON: Not "entitled"; that is to say, there is no obligation on the Conference to allot votes, or to allot any particular number of votes. It is a question of discussion as between the different countries, those interested in Colonies and having Colonies. I do not think there is any question about it that the precedent of the Postal Union will be taken, and these five votes in addition to one for Great Britain will unquestionably be given.

Sir JOSEPH WARD: Who would settle that?

Mr. BUXTON: It will be settled by the next Conference. Meanwhile, before the next Conference, which is five years hence, the country proposing to suggest Colonial votes for its Colonies makes the suggestion to the various countries concerned. Any other country may then make suggestions, and what we have had in mind in reference to the matter is that sometime before the next Conference takes place, we should communicate in a friendly way with, at all events, the important countries concerned to discuss what number of votes should be allotted and how allotted. I should like to add that, on the motion of the British delegates, it was decided by the Conference that that should be the first business of the next Conference, and that, therefore, any votes allotted will come into force at the beginning of the Conference, so they will have the full power of voting from the beginning of the new Conference.

Mr. DEAKIN: The new Conference may, if it likes, say yes, we agree, Canada may have a vote; and then go on to consider a tiny colony of some other Power, giving it a vote and placing it on an equality with Canada. I am taking a most exaggerated contrast. Is that possible?

Mr. BUXTON: Certainly.

Mr. DEAKIN: That is to say, there is no standard fixed below which there shall be no vote.

Mr. BUXTON: Except that under the Postal Union, the theory and practice has been that votes are all allotted to important Colonies.

Mr. BABINGTON SMITH: It is a matter for the Conference to decide. As a matter of fact, under the Postal Union some of the other countries which have colonies have a certain number of votes for them. France, for instance, which has colonial possessions of considerable importance, has, I think, three colonial votes. Germany has two; Portugal, has two; Holland has two; and the other countries which have small colonies have most of them one vote.

Mr. DEAKIN: Then there is no real proportion.

Mr. BABINGTON SMITH: There is no precise proportion as to the importance of the Colony; but, as a matter of fact, I think Sir Joseph Ward will agree that the system has not worked unsatisfactorily for us.

Sir JOSEPH WARD: That is so.

Mr. BABINGTON SMITH: With the additional vote obtained for New Zealand at the last Conference, I think the allotment of votes is satisfactory from the point of view of the British Empire.

Sir JOSEPH WARD: I think it is satisfactory for this reason. There is no getting over the general position in the world at large, which forms the Postal Union, that the great majority of the representatives are outside the British Dominions. At the Postal Conference we had quite a fight to get one extra vote for a British Colony—that is, New Zealand—and at the same time to get South Africa put in the position of having a direct vote. On the matter of voting I do not think we can improve upon that of the Postal Conference, which has worked satisfactorily. The great majority of the contributors to the Postal Union are Continental people and they outnumber us, and until we get into the position of having other great Colonies in addition to those we have already, which have grown to manhood, the odds are 50 to 1 that we will not get an increase in the representation we have now. As long as we have the assurance from Mr. Buxton that every effort to get the maximum of votes to be used in the interest of Great Britain and her Colonies at the next wireless telegraphy conference I think we have nothing to complain of. Although I know you cannot control it, it comes back to the Conference to say whether or not those votes are to be exercised.

Mr. BUXTON: I meant, we have the precedent of the Postal Union in which we have these votes, and I have little doubt from the knowledge which one has acquired with reference to the working of these international conventions and conferences, that they would see the reasonableness of our proposal to put wireless telegraphy on the same basis as the Postal Union, and we should obtain those votes. I cannot guarantee it. Though we

may only have five votes, the representatives of any other colony can be present and take part in the discussion at the Conference as a British delegate. But I would like to put this as strongly as I can that the actual voting is really not very material. The material thing is the influence and power of those representing Great Britain and its colonies, and also the ability of the delegates. At this wireless telegraphy conference last time we only had one vote. We had on the whole a hostile majority against us, but in consequence of the attitude we took up and the very admirable handling of the matter by the British delegates, we really turned that convention topsy-turvy. We obtained every single point we wanted, and made the convention as we now believe a convention very satisfactory from the national point of view and the Admiralty point of view; whereas, as it stood it was very unsatisfactory and we should not have agreed to it. We only had one vote at that time and all the other Powers one vote; so we were in an absolute minority, and it was really more moral strength than voting strength.

Mr. DEAKIN: But was not that due to the circumstances that British predominance in wireless telegraphy is so marked, the situation of the Empire is so special, and the opportunities it affords for wireless telegraphy so much greater, that you only had to step out of the Conference and it would have practically fallen to pieces?

Mr. BUXTON: No, it would have gone through anyhow.

Mr. DEAKIN: Besides that, is not there a great difference between the Postal Union, with its exchange of services, and its absolute necessity for joint action throughout the world, and the present condition of wireless telegraphy which has taken great developments only in this Empire, where it plays an important part with the navy? The system is being extended to some of its dominions, and will be extended to others. What gain corresponding to those, which are obvious in the case of the Postal Union, is there in establishing a Union for wireless telegraphy while one member is so far immensely superior to the others? What are we to gain? Are we not accepting a limitation of a power we at present enjoy without an equivalent advantage?

Mr. BUXTON: That raises the whole question of the merits of the Convention, which is now before the Select Committee of the House of Commons, and opens out a very big question. I hold strongly the view that while it is perfectly true that we are in a dominant position in regard to wireless telegraphy at the present time, it is to our advantage to have inter-communication between the various systems, and it is to our disadvantage to have a particular system in this country, the predominating system, which refuses to inter-communicate. I am speaking specially from the naval point of view as well as the commercial point of view. The best method in which wireless telegraphy can be developed (and it is to our advantage to have it developed) is by means of an International Convention which will introduce free inter-communication, though subject to exemption of any stations which we think are better exempted. International regulation will tend to prevent confusion and interference which is really the evil of wireless telegraphy. Unless you have very carefully drawn regulations and power to enforce them, the difficulty is to prevent confusion and interference and to make the best use of the invention. The advantage to us in having an International Convention is that you bring all these different systems and different countries under an obligation not only to inter-communicate, which is to our commercial advantage, but also to carry out these

very carefully drawn regulations under which we believe interference and confusion will be reduced to a minimum. I am only treating it very broadly.

Mr. DEAKIN: If there were reciprocal preferences in this matter, it might be very advantageous; but when the Empire has at present all to give and very little to gain, are not we anticipating a state of things which has not yet arisen?

Mr. BUXTON: May I ask what we are giving?

Mr. DEAKIN: We give a power of communicating with the whole of the stations which we have and all our ships.

Mr. BUXTON: Except so far as we like to exempt them.

Mr. DEAKIN: That exemption could only be used in very special circumstances.

Mr. BUXTON: It could be used so far as the Government is concerned at every one of their stations.

Mr. DEAKIN: You mean you could adhere to the Convention and at the same time exempt the whole of your territory from it?

Mr. BUXTON: No, you must have a certain number of stations for carrying out the international work, but all the existing stations, and any others you like to name, from an Admiralty or any other point of view, can be exempted; that is one of the conditions on which we agreed to the Convention.

Mr. DEAKIN: What does that mean? Those stations will be sending out their wireless messages. In what way are they prevented from being picked up because the station is exempted?

Mr. BUXTON: Exempted stations come under the Convention in every other respect; that is to say, they are as much protected from confusion and interference as are the other stations.

Mr. DEAKIN: That is to say, they can receive but are exempt from exchanging and communicating?

Mr. BUXTON: Yes. They are protected from wilful interference or even accidental, by the various regulations laid down for the management of coast stations and ship stations.

Mr. DEAKIN: We in Australia have before us at present at least two systems of wireless telegraphy. One has established stations.

Mr. BUXTON: One is the Marconi, and what is the other?

Mr. DEAKIN: The De Forrest, and we have proposals from a third. It means considerable expense on a very long coast line if any one of those systems is to be adopted. If stations were established simply for defence purposes, should we be under any obligation to allow their use in time of peace? When this Convention was concluded, we were in the midst of local negotiations, and a good deal of apprehension was created lest, if we went to this expense, one of the effects of the Convention might be to require us to place those stations at the disposal of Powers inimical to us.

Mr. BUXTON: Do you mean in time of peace or war?

Mr. DEAKIN: In time of peace.

Mr. BUXTON: How in time of peace would it be disadvantageous?

Mr. DEAKIN: Would they not become familiar with their whereabouts, and range of communication?

Mr. BUXTON: Supposing you had a station which was not intercommunicable, what would you propose to use it for?

Mr. DEAKIN: For our own ships only?

Mr. BUXTON: These other ships can be fitted with the non-Marconi apparatus?

Mr. DEAKIN: I assume so.

Mr. BUXTON: Then there is nothing to prevent them communicating. If you are going to use a station for any practical purpose you cannot keep its whereabouts a secret. I understood you to say they would get to know where it was.

Mr. DEAKIN: Get to know exactly how many stations there were on our coast.

Mr. BUXTON: Surely that would be the same whether it was the Marconi system or anything else; because if they are going to be used they must know where they are.

Mr. DEAKIN: Certainly. But the question for us, was whether these stations for defensive purposes should become public property.

Mr. BABINGTON SMITH: There is nothing in the Convention which prevents purely Naval and Military stations being kept absolutely secret and free from communication with anybody. Such stations are outside the Convention.

Mr. DEAKIN: It is months since the papers passed under my hands, and probably I am not recalling the exact terms of the Convention.

Mr. BUXTON: I think you will find undoubtedly, when you come to look them up again, that every one of those points you have made, and many others which were made as to the original draft Convention, have been entirely met.

Mr. DEAKIN: Since the Convention was published?

Mr. BUXTON: There is an amended Convention. You are speaking probably of the draft of the old one in which there are probably many points to which we should not agree.

Mr. DEAKIN: I did not read any Convention except the first.

Mr. BUXTON : I would like to say, as emphatically as I can, that the Board of Admiralty, who, after all, are the people most concerned in this matter, think it would be a very serious matter if this Convention were not ratified. That they have stated publicly ; and they have sent their experts and other witnesses to say so, and very emphatically, to the Select Committee. Putting aside the question of naval defence—on which I think they are satisfied—any naval station is absolutely outside the Convention if it is intended to be purely a naval station. Then comes this question from your point of view : as to a commercial station which can only, unless intercommunication is made, communicate with certain ships, it would surely be to your advantage, in Australia, that if you have a wireless station at all, it should be able to communicate with every system and every ship, whether British or foreign. Recollect that all British ships are not fitted with the Marconi system ; there is the De Forrest and other British systems. It would surely be to the disadvantage of Australia, from the commercial point of view, if a ship comes out there fitted with the De Forrest system and finds a Marconi station and cannot communicate ; whereas it would be greatly to the advantage of Australia, from the commercial point of view, that whatever the ship's system might be it should be able to communicate with the station.

Mr. DEAKIN : Your argument would apply equally if we adopt the De Forrest or any other system.

Mr. BUXTON : Yes. The only company which objects to inter-communication is the Marconi Company. They consider they have, though I do not think they have, to a certain extent a monopoly, and would like to keep it. I do not think they have a monopoly, and every month and every year is reducing this monopoly, because the De Forrest and other big companies are coming to the fore. They want you no doubt to agree to put up a station which will prevent any ships coming to Australia fitted with any wireless apparatus except Marconi, because they will not communicate with anyone. That cannot be, I should have thought, to the advantage of Australia, or to the advantage of the commercial community.

Mr. DEAKIN : The only advantage is from a naval defence point of view.

Mr. BUXTON : That I can safely say has been entirely met, and the Admiralty are absolutely satisfied with regard to it.

Mr. DEAKIN : Our two points are, first, as to representation, we seemed to be in danger of entering a conference in which the chances were we should be outvoted by communities far smaller than ourselves, and with far less developed systems of intercommunication. They would get all the benefit of having intercommunication throughout the British Dominions in this way, and practically do nothing or next to nothing in exchange. Our second point was whether, as there are parts of Australia where communication for all ordinary commercial purposes would be rather rare and inconsiderable, but where stations would be justified from a defence point of view, this conference would not oblige us to place them at the service, in time of peace at all events, of all ships, and by that means deprive us of some advantage in time of war. I am criticising generally from memory the substance of the memorandum which came before me last year.

Mr. BUXTON : I think both those fears are met by the terms of the Convention as passed.

Mr. DEAKIN : Was it amended in both those respects ?

Mr. BUXTON : Yes, very much so ; because in the original Convention Germany proposed that there should be no votes for the Colonies whatever, but only one vote for each country and the Colonies not represented at all. In regard to the other point the Admiralty having got all the amendments they required in the original draft Convention, are now fully satisfied, not only that the Convention is a good thing in itself, but that it would be a disadvantage both from a naval and commercial point of view if we did not ratify it.

Mr. DEAKIN : The great safeguard so far as I can grasp it at present is the power of withdrawal after 12 months.

Mr. BUXTON : Yes ; supposing it is found that intercommunication is not satisfactory, and certainly if it is found to be in any possible sense a danger, we should have no hesitation whatever about withdrawing from the Convention, which we can do at 12 months' notice.

Mr. DEAKIN : I understood it was final, that if you were in you could not get out, unless you took the extraordinary step of seeking to dissolve the conference.

Mr. BUXTON : No, you can withdraw with the greatest ease.

Mr. BRODEUR : What is our position in the Colonies with regard to that Convention which has been made ? Are we affected in any way ?

Mr. BUXTON : No. The position of each self-governing Colony is this : They did not take part in the deliberations of the Conference because it was understood they, naturally, did not wish to be committed to the terms of the Convention until they had an opportunity of considering it in all its bearings after it was passed. Therefore, they had nothing to do with the drafting of the Convention. The Convention has now been radically modified from the draft, and they have full liberty to adhere or not. They can come in at any time.

Mr. BRODEUR : The draft Convention has never been submitted.

Mr. BUXTON : Yes ; that was sent to all of them. The new Convention has now been sent out, but it was only last January, so that the position of the Colonies is that, after they have considered the amended Convention, there is no obligation to come in ; and if they do not want to come in, they stand out ; it is on their own initiative. If they want to come in, they can come in at any day, and can go out on a year's notice.

Mr. BRODEUR : I was not in the Department when the matter was brought to the attention of the Government, but I understand the draft Convention was submitted by the British Government to the Colonies. We answered, as far as Canada was concerned, that we had no objection to that draft Convention. The meeting of the Conference took place, and a modified Convention has been made out, which has been submitted to the Government.

Mr. BUXTON : The original draft Convention was sent to the various Colonies, not asking them to agree to it or join, but for information, and pointing out at the same time that they would not be bound by it until after they had an opportunity of considering the draft Convention as amended after the Conference. That has now been sent out, some time in January, to the various Colonies for their consideration, pointing out, I presume, this particular clause, which was put in at the desire of the Colonial Office, enabling them, as I say, to stay out if they liked, or come in if they liked at any time and go out again on a year's notice.

Mr. BRODEUR : The question of representation has been discussed in this despatch sent to Canada.

Mr. BUXTON : It was merely a copy sent for information. It does not come into force until July of next year.

Mr. BABINGTON SMITH : It runs for an indefinite period.

Mr. DEAKIN : The Conference is to meet five years from when ?

Mr. BABINGTON SMITH : It meets in 1911.

Mr. BUXTON : That is about five years from the time of the last meeting.

CHAIRMAN : With regard to the explanations, we purposely put off our general despatch until the Select Committee had finished sitting.

Mr. BRODEUR : The Committee is still sitting ?

CHAIRMAN : Yes.

Mr. BUXTON : We have practically completed taking evidence. We shall probably report after Whitsuntide.

Mr. DEAKIN : That will deal completely with the whole of this question ?

Mr. BUXTON : I imagine so.

Mr. DEAKIN : Does it point to still further amendments to the draft Convention ?

Mr. BUXTON : There is no question before the Committee and the Government of amendment of the Convention as it now stands. We have to take it or leave it as it is. The Convention was hammered out with British delegates representing the War Office, the Admiralty, and the Post Office. They agreed to it and thought it satisfactory. The Committee is appointed to report to the Government what they think would be the results if it is ratified or not ratified.

Mr. DEAKIN : There was then an original Convention and an amending Convention ?

Mr. BUXTON: There was an original Conference in 1903. To that we did not adhere because we thought it was premature and had no legislation to carry out any conclusion they came to, but it was generally understood to be a preliminary Conference. That Conference agreed to a protocol, which formed the basis of the draft proposal for the new Conference which was called last October. The draft Convention I have spoken of all through is based upon the protocol of 1903.

Mr. DEAKIN: The one for which you are responsible, which you recommend, and which has been considered by the Committee, is the amended Convention of 1906?

Mr. BUXTON: Yes.

Mr. DEAKIN: That is now being disposed of by the Committee of the House of Commons?

Mr. BUXTON: I think only two Articles out of the whole of the draft Convention have not been altered, in some cases entirely reversed, between the draft and the amended Convention at the instigation of the British delegates.

Mr. BRODEUR: I understand at the next sitting of the Conference you will discuss the question of the representation of the Colonies; it has not been disposed of.

Mr. BUXTON: Yes, that is the first thing. The question of the maximum of votes has been discussed. The question how these votes shall be allotted has not been discussed. In regard to voting, it would have been physically impossible for that question to be discussed at the last Conference, because all Colonies have liberty to come in or not, and nobody knows yet who is coming in, and therefore it would be idle to allot votes to Newfoundland or Canada until we knew whether they were coming in or not.

Mr. DEAKIN: Did you fix a meeting without leaving it open?

Mr. BUXTON: Yes.

Sir JOSEPH WARD: As far as I am concerned, the information which has been adduced is very valuable.

Mr. BUXTON: I am glad to have had the opportunity of clearing up some misapprehensions which have arisen.

Mr. DEAKIN: It is evident that the memorandum placed before me related to the original Convention and not to the amended Convention.

Mr. BUXTON: No doubt the Colonial Office sending it made it clear it does not come into force for 18 months and, therefore, it did not appear urgent.

Mr. BRODEUR: I understand it was simply communicated to us and we were not asked to make any representations with regard to the Convention.

Mr. BUXTON : It was sent to you for information to show how the Colonies stand, and for them to consider whether they will join it or not.

Mr. BRODEUR : I understand we will have some further communication with regard to it.

Sir WILFRID LAURIER : Is there anything else to discuss ?

CHAIRMAN : There is this motion of Mr. Deakin.

Mr. DEAKIN : It is with reference to steps to be taken to bring the Colonial Office in touch with the self-governing dominions with which it has to deal.

INTERCHANGE OF PERMANENT STAFF.

Mr. DEAKIN : The resolution, of which notice was given, is " That " the Secretary of State for the Colonies be invited to frame a scheme which " will create opportunities for members of the permanent staff of the Colonial " Office to acquire more intimate knowledge of the circumstances and " conditions of the Colonies with whose business they have to deal, whether " by appointments, temporary interchanges, or periodical visits of officers, or " similar means." May I first in a general way point out that Departments of State are subjected to two entirely different criticisms ; first of all those of the *laissez-faire* school, who wish to see those Departments limited to the narrowest possible sphere of action, and who endeavour to justify their doctrine of the unwisdom of State interference by continual attacks upon the State servants employed. With those we have never had any sympathy. The school of thought with which we are most familiar in Australia is antipodean in this regard as in some others. We have freely used State agencies and continue to use them, and many of us are strongly of opinion that it is only by their employment that the complex conditions of modern government can be dealt with. If, therefore, we criticise State Departments it is because so much of the success of the policy which we advocate depends upon them and upon their power of adaptation to the business side of social life. In Australia we are constant critics of our own Departments, and experience shows, with good reason. One of the chief tasks of our Parliament is that of endeavouring to bring the various agencies comprised in their public offices into more fruitful relation with the circumstances of the country. We have busy Parliaments passing many laws, most of them demanding some administrative work, and many of them demanding a great deal, but we find the purposes of those laws defeated or their ends avoided, unless by constant criticism and revision of methods we keep our Departments, to use a familiar expression, up to date.

In Australia we are also somewhat singular, inasmuch as political patronage, as such, does not exist. The Government of the Commonwealth has not the power to appoint an office boy in the Commonwealth. Our Parliament has passed a law which disassociates us entirely from the great public service over which we preside. Entry into that service, the stages of promotion and remuneration, and all other conditions of the service, are laid down in the law. The administration of that law is entrusted to an independent Public Service Commissioner.

Sir WILFRID LAURIER : Who makes the appointments ?

Mr. DEAKIN: He makes the appointments. Ministers cannot differ from the recommendation of the Public Service Commissioner without laying the whole case before Parliament, and stating the grounds on which they propose to reject it. If it is rejected the Commissioner makes another nomination.

Sir WILFRID LAURIER: He has the appointment, and you cannot dissent, except for cause?

Mr. DEAKIN: Except for cause laid before Parliament and approved. That interposes another set of considerations. There being no direct power of control in Ministers, that is to say, there being no control by appointment or dismissal in the hands of Ministers, the service having a certain independence of its own, it becomes all the more necessary for us to exercise our criticism. Rewards and punishment are dispensed by the Commissioner, whose task it is to maintain efficiency. Our departments, free from patronage, might become merely mechanical in methods without criticism. Perhaps in that way we pay something for our freedom from the burden of patronage, and the many annoying associations connected with it. So that when we criticise a public service, it need not be, and certainly has not been in any criticisms I have uttered here, a reflection upon the capacity of those engaged. It certainly is no reflection upon their integrity. Every country has its public service, and so far as I am acquainted with it, no country has a public service of a higher standard than Great Britain and its Dominions. The criticism of a public department does not necessarily mean a challenge either of the ability and certainly never of the honesty of its members. There are public departments in every other country besides our own. An interesting but rather imaginative gentleman who waited upon me some little time ago, and afterwards was good enough to credit me in the public press with some of his own observations, pointed out that in his own country the bureaucracy was dominant, extremely capable, not, in his opinion, extremely efficient, but more powerful than ministries and parliaments. He pointed to his own country and certain other Continental countries as indicating what he called the rule of the bureaucracy. I told him then frankly that we saw something of that spirit even in our own country. We saw something of it in this country. But neither showed the state of things described by him. Our public departments were in much closer touch with our legislature, and not, as he suggested, sometimes almost in revolt against it. I mention the incident because it is partly the reason why I have made these preliminary remarks before coming to the question of the possible means we suggest for the consideration of the Secretary of State in regard to the Colonial Office. We make similar suggestions in our own country for every department. Possibly if we were associated with every public department in this country we should make it in all here. It is only because it is the Colonial Office with which we are directly connected and in respect to which we have a title to be heard, because its operations directly affect us that my observations are confined to it. I hope I have cleared away any possible misapprehension in this regard.

The Colonial Office has, apart from the very important relations of which it is the channel, not only the most extensive, but the most difficult task, that a department can be called upon to perform. The very ablest men of Great Britain, if they were public servants in this department, collected into this building, shut up in it, and left dependent upon what they read or hear to understand the conditions of the hundred and one forms of government and varieties of conditions under which the Crown Colonies and self-governing Colonies grow up, would be quite unable

to cope with them. What is done in the Crown Colonies is done with officers of this department; that is to say, their whole services are composed of members of this department. They return here more or less frequently, certain of those now in this office having been employed in the Crown Colonies, and certain of those who were in this office having been sent to the Crown Colonies. By this means there is a certain interchange which keeps them in touch with one another, and most essential that touch is. But with regard to the self-governing Colonies, the only officer who does come and go is the chief officer of all, the Governor or Governor-General, as the case may be. His functions are of so general and of so serious a character that they are not numerous. He does not come into frequent relations with many of the departments of the government he administers, and looks down upon their working from an altitude which, though advantageous, does not permit of the intimate acquaintance with them which Ministers necessarily gain; moreover, when he is transferred to another government, or even when he returns to this country, his services and knowledge appear to be employed to a comparatively limited extent. Consequently, we have at present an altogether insufficient means of touch between the Dominions which we specially represent and the officers in Downing Street with whom we are in continuous relation by correspondence. Most of the officers here are necessarily working for people who are living under conditions unknown to them. That is more true of tropical countries or those in which there are coloured races, but it applies to some extent to the great self-governing Dominions. We had one illustration here in relation to the Emigration Board, showing that even when they were dealing with our own people and our own circumstances, a most regrettable want of knowledge and a most distinct want of sympathy were displayed. I do not see how any effort on the part of able men here can suffice unless they are assisted by direct means of knowledge and of assimilation. The body politic would be unhealthy, and must remain unhealthy, as our own would if the circulation of its blood were impeded, and so must this office unless there is some continuous intercommunication of a personal character kept up. We have suggested in this resolution several means. We propose that men of experience in the outer Dominions might be selected to fill some vacancies that occur here. I do not know enough of your system of appointment and promotions in the public service in this country to judge how far that is practicable, but the suggestion made is that, where practicable, such appointments when made might be extremely advantageous. What seems much more feasible are temporary interchanges or, at all events, periodical visits of officers. The idea we had in temporary exchanges was that just as we are now sending our military officers to Canada, to South Africa, and to this country to complete their training as members of the military service here, while British officers come to us to gain colonial experience, there might be a similar advantage from an interchange of officials, of about the same salary and standing, so far as it could be arranged between this office and the Colonies. We have always some military officers away from Australia, gaining experience of service elsewhere. Why should not some of our civil officers be employed here, their places being taken in our country by the officers whose work here they would for the time being assume? By this means we should obtain in each office men who after being twelve months in the other country would have gradually absorbed a great deal of that knowledge which is necessary for the interpretation of despatches, especially on important subjects where they are affected either by local conditions or local situations. That is a method which would only involve something for travelling expenses. It would not be expensive, and might prove extremely valuable also to the men from the Dominions over the seas who were temporarily employed in this office. They would be able to

inform us of those methods either for our adoption or to enable us to understand the communications that we received. Where this is not possible, we suggest that men of higher standing in the service, when they could be spared, should spend, say, six months in Canada, and then return here for a time, then give six months to South Africa, or some lesser period if that be too long. It need not necessarily be the same officer or officers. By this means a Minister might have the advantage and benefit of having at his elbow men who would be associated with the correspondence and communications relating to these particular Colonies and their constitutions who would be able at once to put him in relatively direct touch with them.

These are only mentioned as some of the means which might be adopted. Some means must be adopted. We feel that this Colonial Office not only has grown but will continue to grow. The population in its charge will multiply, its problems will increase in variety. There can be no corresponding increase in the numbers of Ministers or of Parliamentary Under Secretaries of State. More and more therefore must Ministers and Parliamentary Under Secretaries rely upon the permanent officials and more and more is it necessary that those officials should have the opportunity of personal acquaintance with the countries with regard to whose proposals they have so much to say. I am admitting that in Australia itself to understand either the temper of the people, the manner of working our political institutions, or the interpretation that is put upon our constitutional relations is a task of years. It is taking us a considerable time to know ourselves. We are not surprised to discover at this end of the world that because we use the same names as are employed in Great Britain, and often the same procedure, institutions of ours are supposed to be identical with yours, which when examined exhibit marked divergencies. I know no means by which that kind of knowledge can be acquired without personal knowledge.

Of course it would be highly advantageous if a certain number of recruits for the Colonial Office were obtained from time to time from young men born or brought up in Canada, South Africa, or other parts, provided they came at an age which allowed them time to become identified with the Colony. That is not a matter for me to dwell upon. If the Colonial Office is to continue to occupy its present relations to all these various Dominions it is perfectly certain that as its responsibilities increase its equipment must increase also, and in that new equipment a conspicuous place, we venture to suggest, should be given to men who speak from personal knowledge, and who deal with distant countries with whom they sympathise after making themselves familiar with the facts upon which they are called upon to advise.

It must be remembered that as years go on the number of the men in the Dominions who were born in Great Britain and are acquainted with its political and social conditions tends to diminish. Our fathers, of course, were Britons, most of them of full age before they entered either Canada, Australia, or South Africa ; but our new generation, growing up under very different conditions from those which obtain in this country, has not that knowledge. It is only natural to expect therefore that they will take somewhat different roads, and that they not only will be less understood themselves, but will understand less what is really meant by many of the objects and procedures which are accepted as quite customary in this country.

I do not desire to labour the point. I have put it already in a number of different ways, and could put it in many more. It appears to me that, from our point of view at all events, a case is made out for laying before the Secretary of State for the Colonies the suggestion that some scheme for bringing his officers into direct touch with us should be adopted, and is indeed essential to secure efficiency.

Then there is the further set of circumstances hardly touched upon by that Resolution which relates to the Colonial Office. There remains to be mentioned the new Secretariat which we conceived as a kind of Imperial office, charged with knowledge of and responsibility for all the great self-governing Dominions, and concerned with the oversight of a great variety of Imperial interests. These might be concentrated in such a Secretariat, instead of being, as they now are, divided over several departments in this country, to which would be added other questions hardly yet associated. I do not propose to do more than recapitulate some of the more familiar. I do not know, my Lord, in shaping a departmental Secretariat, how far you will take this into your consideration; but I hope you will weigh the necessity of keeping our Dominions in closer touch with external questions that particularly affect them, even when they may not be coming forward for immediate treatment? I might mention the case of Alaska in regard to Canada, and the New Hebrides and Pacific interests in our case; and of Delagoa Bay in South Africa. These have arisen in the past. But it is easy to see, being wise after the event, how much better qualified the Empire would have been for consistent action in regard to those matters, if they had been objects of study before the crisis arose, or if, as and when the crisis arose, Canada, Australia, or South Africa or all of them had been kept informed of the state of those problems and the difficulties that had to be encountered in settling them. I might develop these possibilities at great length, but the case appears to me to be plain enough as it stands. There are many matters still at issue of deep interest to Canada, for instance, or South Africa, upon which this office possesses or can obtain much knowledge, which would be of great value to Canada or South Africa as the case might be. Part of it would be confidential; but to have these problems kept in view, and to have them from time to time presented to us in their new phases, would save many possible misunderstandings, and enable proposals to be made from the Dominion affected which might often be useful to the Colonial Office.

The next suggestions were summarised a short time ago in an article by Mr. Drage in the "Fortnightly Review," in which he pointed out that a study of other colonial systems generally, first of all, and then in regard to a particular problem or problems might be of much use. He said that the French in Northern Africa, the Germans in Eastern Africa, and the United States in the Philippines were conducting a number of very interesting experiments. Some of those, it occurs to me, are climatic, and some relate to health. Those, I am aware, the Colonial Office has, to a considerable extent, dealt with, but others relate to their products and their methods of government, upon which valuable information could be found. Foreign blue books, it is said, are not laid as freely under contribution in this regard—the French, Germans, and Italians are mentioned in particular—as they might well be.

I omitted to mention that among the questions upon which, for instance, it would be a great gain if from time to time we were kept in touch with such proposals as were lately made, in regard to important action in Madeira, and similar tendencies elsewhere, portending to the acquisition of territory by other Powers. We have lately been brought face to face with ourselves, with our want of knowledge of Treaty obligations, of how far we are really bound as Dominions, and how far we have been committed. I am aware that steps are being taken to mitigate this. But that experience suggests other directions in which the same course can be followed with advantage. Of course, in trade affairs, there are a great variety of directions in which the article, to which I have referred, points out our needs. For instance, Mr. Drage says there is at present no common statistical method, no common statistical year, no

annual report of the trade of the Empire, no common year book of the trade of the South African Customs Union, nor of the West Indies.

Dr. JAMESON : It is want of knowledge on his part.

Mr. DEAKIN : The article says " There is no common system, as there " should be, for India, the Straits Settlements and other Asiatic Possessions." He mentions the Crown Colonies " apart from India, an Empire of " 2,678,330 square miles, a population of over 36,000,000, a total trade " of 180,000,000*l.* a year," which rather supports what I said about the burden which must rest upon your shoulders, — " and a revenue of " 19,500,000*l.* sterling." He does say " even the statistics we have are " difficult to understand, because it is not customary to prefix a note " explaining the system of valuation, of registration, or origin of destination, " inclusion and exclusion and transit, trade, bullion, and specie, bunker " coal, &c." These are details, but we are all occasionally driven to statistics to the sorrow of our hearers ; and when we must be sure that we are measuring things which are properly comparable. These questions now go to the Board of Trade. If there had been a real secretariat it might have been desirable to consider whether, as imperial questions, they ought not to be either collected, or at all events collated, there. Industrial issues are matters of deep interest but are not so general as what are termed Chamber of Commerce questions. Legislation and its administration affecting commerce within the Empire are matters which, I venture to hope, the secretariat, even in this office, will take in charge. British merchants freely apply for information in regard to our changes in these matters, and so far as possible we supply it, but it is desirable that we should all be brought into line with changes of administration and, still more, of legislation. Copies of laws, regulations, and full explanations concerning them, might be forwarded from all the Dominions classified, and made complete, so as to serve all of us.

There are a great number of other matters which are referred to in this article, to which I need not call attention ; but the general idea of the secretariat was that it should act very largely as an intelligence department for all the self-governing dominions and the mother country in relation to all other matters of common concern. The number of persons who seek for detailed and exact information of an Imperial range are not great, but they include the publicists of every dominion, and through our newspaper press, which freely avails itself of any such knowledge, it would filter through to the public. It is laid before Parliament, and affects to a certain extent legislation and administration.

Mr. Haldane's proposal for a General Staff and an exchange of officers is only another illustration of what is proposed here to be done on the civil side. With regard to officers, Mr. Haldane suggests that, to some extent at all events, his staff might be described as the brain of the army ; so also we might have in this secretariat the brain of the empire so far as that operates here and within the self-governing Colonies.

The main aim of the secretariat is so well understood that it is not necessary to repeat and explain its ramifications. Its regular work will largely consist in giving effect to the resolutions arrived at in Conference and following up any action taken by His Majesty's Government in connection with such resolutions ; but it also lies in the way of preparing for future Conferences, and responding to requests from the dominions in order that when they meet their members may find a fund of information ready to hand.

I have to acknowledge the fulness of the details supplied to us on this occasion, and believe it exceeds that of any other Conference which has ever met.

In 1887, it is true, we had a great mass of material laid before us, because that was the first of all the Conferences, but a good deal came too late even then to be of much use. I regret to say the circumstances under which these sittings have been held have prevented me from making anything like the use I ought to have made, and would have been glad to have made, of the information supplied. If I may venture to look forward to future Conferences, in the interest of those who attend them, I think all here will advise that it is highly desirable that this information should be in their hands, or as much of it as can be, before they leave their homes, so that they may have an opportunity on the journey here, or, if possible, before that, of discussing them with their colleagues, in order that they may do justice to that information, take full advantage of all that it offers, and prove their appreciation of it.

CHAIRMAN : The difficulty we have here is to know what the subjects are sometimes. This may, to some extent, meet it, but hitherto we did not know until a very late date what subjects were to be brought up. Another thing—and I meant to have brought it up at the Conference—is the difficulty of fixing the actual date. That postpones final arrangements very much, because we want the figures up to the latest possible date. I wish even now before you separate you could indicate in some way or consider among yourselves what sort of date in the year would be the most convenient for these Conferences.

Sir WILFRID LAURIER : It is difficult to agree, because the antipodes and the other regions vary so greatly in regard to the time when Parliaments meet.

Mr. DEAKIN : It is rather difficult, but I think we are all becoming converts to the conviction that we ought not to meet at a time when social obligations are numerous. I think we would also agree that we ought not to meet when the Imperial Parliament is sitting. To do so imposes an unfair strain on Ministers of departments, and, moreover, prejudices to some extent our proceedings here. Do what we will, or say what we will, we are interpreted as if we had some relation to political proceedings in this country. In addition to that the comments in the House of Commons and House of Lords here suggest that the proceedings of the Conference are being watched with somewhat similar ideas. It would be much better for both of us that when any future Conference is held here it should be at a time when Parliament is not sitting, when Ministers are disengaged, when departments are free, and social obligations are not enforced.

CHAIRMAN : It is rather difficult to say when Parliament will not be sitting, and as to saying when a Minister is disengaged, I decline altogether.

Mr. DEAKIN : All Ministers are in the same position ; it is with the greatest difficulty one can tear oneself away from one's responsibilities. When any criticisms of mine of the Colonial Office are being read it should be remembered that I have admitted how precisely the same criticisms apply not only to our own departments, but to ourselves as politicians. We are just as absorbed in our own affairs on that side of the world as you here are in yours. The great bulk of our affairs do not interest or attract you, and will not be brought before you, just as the great bulk of your affairs in this country have but a secondary interest for us. Our large common ground is admitted, but it is because we become so absorbed in local matters which have but a general

relation to our common business that we so often fail to understand each other I say nothing by way of criticism of the want of knowledge here that does not apply to ourselves. I make no distinction whatever, though of course we are better informed as to your politics than you are as to ours.

CHAIRMAN: The difficulty about the date is really between Canada and Australia. I do not know how to bring them together.

Mr. DEAKIN: What is the time of year when the Imperial Parliament is not sitting?

CHAIRMAN: Last year it sat 10 months out of 12. It was only up in August and September.

Sir WILFRID LAURIER: I am afraid there are a number of difficulties that cannot be overcome; our Parliament commences to sit in November, and sits during December and January.

Mr. DEAKIN: December and January are suggested; it is a very unpleasant time to arrive, but perhaps it would be free; apparently you are engaged at that time.

Sir WILFRID LAURIER: Yes, the best time would be what is summer here, June and July.

Mr. DEAKIN: That is when our Parliaments are in full swing.

Sir WILFRID LAURIER: You must put somebody to inconvenience whenever these Conferences are to take place.

CHAIRMAN: That is the difficulty.

Mr. DEAKIN: Yes, and it requires to be settled. That is one of the matters which, if the new Secretariat takes it in hand, they would be much better able to deal with than we are. Although this new Secretariat is to remain under the Colonial Office, may I hope that it is to fulfil one of the functions of the Imperial Secretariat, that of being a free channel of communication between the different Dominions and the United Kingdom on any matters which may be proposed by them or proper for inquiry and investigation, instead of sending direct to each other, as of course we do now. At all events, copies of all these communications should be registered in this Secretariat, in order that we may be kept in touch with them. A number of other matters may be taken up in a tentative way, whether they are pursued or not, as to which it seems desirable for any one of the Dominions to obtain the opinions of the other Dominions or of His Majesty's Government. Such occasions might not be frequent, but if the policy of the open door prevail it ought to encourage further Imperial co-operation.

I have trespassed quite enough on your patience or the patience of my colleagues, but this matter is of the gravest importance to us, and I cannot attempt to deal with it as it deserves in these last moments of the Conference. Every increase in the harmony that obtains between us and goes to establish the thorough understanding which we desire to see maintained between His Majesty's Government and our Governments is most valuable. We get that understanding almost wholly through the Colonial Office if we get it at

all. Finally, any proposals we make for bringing this office into closer touch with ourselves are made in the common interest, not for merely selfish ends, but in the hope and belief, that it is possible to enable this vast Empire, dissevered by great distances, with its scattered populations absorbed in their own immediate interests and pursuits, to see all its members brought into line for closer co-operation with each other; this will be one means of accomplishing that great and most admirable end.

CHAIRMAN: I do not propose to follow Mr. Deakin through his very interesting statement, which he has kindly put more as an invitation to me to consider than anything else. There are one or two remarks I would like to make to clear up, as far as I can, any misunderstanding of my position. In the first place I am not quite sure I entirely follow yet the system of appointments which Mr. Deakin described as obtaining in Australia. But, of course, as far as this office is concerned, it is not a separate organisation all by itself; it is a part of the general Civil Service of the country, a civil service of which we are extremely proud. It is recruited from the Civil Service; the Civil Service itself being a competition open to men of high ability, and among them, if I may say so, open to men from the Colonies too, if they choose to come forward. I should suppose that Rhodes' scholars might possibly come forward in the future, and increase the number of Colonials we may have in the Civil Service. That being the method in which this office is recruited and staffed, I fancy that it would be, perhaps, a little difficult to arrange exchanges on equal footings. I only think it might be so. At any rate, you must remember that this office, when you come to it apart from the Civil Service, is one with a very intricate organisation. We have, as Mr. Deakin has said, colonies in all parts of the world, and in all stages of development, and we have, therefore, to arrange a very complicated division of duties within the office. Hitherto the main scheme of the office was geographical. In the obligation which I undertook at the beginning of these sittings I practically accepted the position that, in future, at any rate, as far as the responsible governing Colonies are concerned, we depart from the geographical division and take the responsibly governed Colonies under one branch. That, I venture to think, may make even a fresh difficulty in the question of delegation as between offices and different parts of the world. It seems to me impossible for me to hold out any very large expectation in that respect. We have, I believe, already on occasions found opportunities of sending gentlemen to the Colonies for the occasional services alluded to. That may occur again. But any large delegation, unless it was possible to arrange regular exchanges—and even perhaps in that case—must mean some increase in staff, which I am not at all sure it would be possible for me to contemplate; and certainly I could not contemplate it without consulting those in charge of the finances. I should like also to point out with regard to services in the responsibly governed Colonies that, without in any way demurring to the view which you expressed of the value of knowledge of localities and the conditions of the people and so on, at the same time as far as this office is concerned we deal in no way with the local administration. That is your own affair; you are autonomous in every respect, and it is the last thing you would wish us to interfere with. Therefore, the business which actually comes here from you depends more upon principles than upon local characteristics. I am not quite sure, I admit, that it is absolutely necessary for the performance of these duties that the men who are in charge of them should journey over the world—because they would have to journey over the world—as it is no use in a secretariat of this kind, their taking one colony only; they must exchange from one colony to another in order to qualify themselves in all. Indeed, I rather think that if you wish to push that principle to an effective

point you ought to go a little higher and I am not quite sure that the people, who, according to your principle, ought to exchange offices, would not be the Ministers. I do not say that I would exchange posts with my friend on the left; but, even there I might give you an instance to show how the thing actually works. There is one office in a dominion beyond the seas which is continually filled by politicians coming from political life in this country, and that is the Vice-Royalty of India; but it is curious that no officer of Viceroy of India has ever sat in the office on the other side of this quadrangle. I do not say it with any degree of complaint at all, and I can see reasons for it, but at the same time it is an illustration that in dealing with certain questions it is not absolutely necessary for a man to be chosen because of his knowledge of the place from which those questions come.

Mr. DEAKIN: I think we all feel—at all events, I feel—an immense gain from a Conference of this kind, simply because coming to this country even for so short a time we do get more in touch with political men and events about which we are reading every week of our lives. It is part of my duty and part of my interest to follow British politics and British affairs, but I have never come here (each of the three times) without getting a great deal of fresh light and removing a certain number of misunderstandings, with which my reading has left me. I feel the many advantages of such visits. I do not wish to occupy the position of a British Minister, but do realise that presence at these Conferences teaches me a great deal about this country which careful study has not brought me abreast of in Australia.

CHAIRMAN: I agree, I was putting the point of the Minister essentially, because that is an exchange from a Ministerial position in this Office to a Ministerial position in the Colonies. But as to these Conferences and opportunities of intercourse, I think I said on more than one occasion I valued them extremely.

I only want to say this word more about the secretariat. I hope the Conference will be disposed to give me a little both of time and confidence in this matter. I have not undertaken this lightly, and I do not think it is a very light task I have undertaken. Therefore, it is that I do not wish to make any direct promises with regard to the subjects which Mr. Deakin has put before us. What I will do is, I will bear those things in mind, and I hope to make an organisation such as will at any rate decrease the chances of friction between this office and the Colonies.

I hope, from what Mr. Deakin has said, that I shall be met fully in that respect from the other side, because I think he has admitted not only to-day, but on other occasions, that he has found this office both capable and willing to meet the calls made upon it. I do think myself that if that was clearly, distinctly, and emphatically stated to others beyond the seas by men who could speak with the authority which he can, nothing would more tend to diminish friction and prevent a feeling of vexatious loss or anything of that kind than that taking place. We must look to you, Mr. Deakin, and to you fellow leaders across the seas to represent this Office and this Government as I think you really understand and believe it to be, as one thoroughly determined to do justice and to study, to secure, and protect the interests of these under its charge by every means which it is in our power to use. We have Imperial duties, and Imperial duties sometimes may make it less easy to show the entire sympathy which we should desire; but I think you will accept it from me that those occasions never come to us without our being determined to perform the duties they impose upon us with every intention to secure the interests of our fellow subjects across the seas. I hope you will excuse my having made that observation.

Mr. DEAKIN: If I had the Hansard of my Parliament here I could show you many occasions on which I have defended the action of this Office and this Government, in some cases when I did not at all agree with it. I doubt if you will find an instance on which I have criticised this Office there with the frankness I have shown here.

THANKS TO THE EARL OF ELGIN.

Sir WILFRID LAURIER: I have to propose a resolution. It is in recognition of the services rendered to us by Lord Elgin as Chairman, and I will move it: "The members of this Conference, representing the "self-governing Colonies, desire, before they separate, to convey to Lord "Elgin their warm and sincere appreciation of the manner in which he "has presided over their deliberations, as well as of the many courtesies "which they have received from him; they desire also to put on record "the deep sense of gratitude which they feel for the generous hospitality "which has been extended to them by the Government and people of the "United Kingdom."

Resolution XXI., p. x.

Mr. DEAKIN: I have very great pleasure in seconding that.

Sir JOSEPH WARD: Lord Elgin, I wish to say I very heartily endorse the sentiments contained in the resolution, and I want to express my personal appreciation of the courtesy extended to me as the representative of the Colony of New Zealand, both by yourself and your colleagues at this table, and the whole of your staff, and I hope I may have the opportunity in the future of seeing you all either out in New Zealand or else here. I go away with very great regret from London, and that regret has been deepened by the boundless hospitality and kindness which has been extended to me on all sides, which has made a great impression on my mind as showing the way in which the people of Old England treat their sons from the Colonies.

CHAIRMAN: I am much obliged, Sir Joseph Ward, for what you have said, and to Sir Wilfrid Laurier for the motion he has put. I should just like to say this: that I have had the ambition throughout this Conference of endeavouring to make the Conference work as I think it should work. I ventured to point out at the beginning of the Conference that we had laid before you papers, not merely Colonial Office papers, but papers prepared by all departments of His Majesty's Government. We have done more than that. We have had representatives of His Majesty's Government present at this Conference, and I find that no less than 12 have been present and taken part in the deliberations. Of course, I may take this credit to myself, that that I had to arrange before the Conference met, and it was satisfactory to me to find that it was in accordance with the first resolution which this Conference passed, namely, that what they desired was that these Conferences should be conferences between Government and Governments. That is the principle on which I endeavoured to arrange the Conference, and in which I think it has been carried out. Of course it does, in a sense, mean that the Secretary for the Colonies, if he is sitting in the chair, has not necessarily to argue the different points that come before the Conference. I do not know that he ever did do so. But at any rate, I have endeavoured to study the convenience of the members of the Conference, and I am very grateful to those who have said that they have found that I have done so. Somebody has to do that. I think the Secretary of State for the Colonies, under all the circum-

Fifteenth Day. 14 May 1907.

THANKS TO THE EARL OF ELGIN. (Chairman.)

stances, is the proper person to do it; and I hope therefore that looking into the history of these conferences we may not in the future hear anything—I do not say in this room, but anywhere—of any question of a dictatorial Secretary of State for the Colonies, who usurps the functions of the Government with which the representatives of the Colonies desire to confer.

I thank you very much for the kindness with which you have spoken of myself.

Mr. DEAKIN: Lord Elgin, I cannot imagine the severest critic of the proceedings of this Conference levelling any charge of dictatorial aggressiveness against you. I have no charge to make, except that of your having placed yourself and the whole of the resources of your office absolutely at the disposal of the representatives of the Colonies in the most considerate manner.

CHAIRMAN: I have only again to say good-bye to the members of the Conference and to express my grateful thanks to them for their uniform kindness to me during the proceedings.

The Conference then concluded.

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